

STATE OF NEW MEXICO
GENERAL SERVICES
DEPARTMENT
Financial Statements
for the Year Ended
June 30, 2009,
and Independent
Auditors' Report

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

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STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Official Roster

Year Ended June 30, 2009

Office of the Secretary

Title

Arturo L. Jaramillo
Pamelya Herndon
Porfirio Perez, Jr.
Robert Andermann

Cabinet Secretary
Deputy Secretary
Acting Deputy Secretary
Chief Financial Officer

Division Directors

Karen Baltzley
Robert Andermann
Mike Wilson
David Simpson
Bill Taylor
Michael C. Vinyard
James Chavez, Acting Director

Information Services Division
Administrative Services Division
Risk Management Division
Building Services Division
Property Control Division
Purchasing Division
Transportation Services Division

INDEPENDENT AUDITORS' REPORT

Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department, and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the budgetary comparison for the general fund of the State of New Mexico General Services Department (Department) as of and for the year ended June 30, 2009, which collectively comprise the Department's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Department's non-major governmental, non-major enterprise and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements and budgetary comparisons for the major capital project and enterprise funds and non-major governmental and enterprise funds as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except for the Department's Capital Assets – Construction in Progress category on the government-wide financial statements, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department, and
Mr. Hector H. Balderas
New Mexico State Auditor

As discussed in Note 1 to the financial statements, the financial statements of the Department are intended to present the respective financial position and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Department that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the entire State of New Mexico as of June 30, 2009, and the changes in its financial position and its cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Department was not able to provide adequate documentation regarding the amounts recorded as Capital Assets – Construction in Progress on the Government-Wide Financial Statements. Accounting principles generally accepted in the United States of America require that adequate accounting records be maintained for capital assets.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Department's Capital Assets – Construction in Progress documentation been available, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Department as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund, non-major enterprise and fiduciary fund of the Department as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for each major capital project and enterprise fund and non-major governmental fund and non-major enterprise fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2009, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal

Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department, and
Mr. Hector H. Balderas
New Mexico State Auditor

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 5 through 11 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. 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 audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and the individual fund financial statements and budgetary comparisons. The accompanying supplemental schedule, listed in the table of contents as the schedule of changes in assets and liabilities – agency funds, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Meyers + Company, LLC

December 10, 2009

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Management's Discussion and Analysis
Year Ended June 30, 2009**

The Management's Discussion and Analysis (MD&A) of the State of New Mexico General Services Department (Department) explains the Department's financial statements and gives our summary of the Department's finances for the fiscal year ended June 30, 2009. We ask that it be read together with the financial statements, which follow it.

Overview of the Financial Statements

The Department's financial statements comply with the new Government Accounting Standards Board Statement No. 34 (GASB 34) financial Reporting Standard. They include the Basic Financial Statements (BFS) and Required Supplementary Information (RSI). The BFS consist of the Government-Wide Financial Statements, Fund Financial Statements and the Notes to the Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements cover all of the financial activities and resources of the Department as a whole, except fiduciary activities. Fiduciary activities are not included because the resources do not belong to the Department. The government-wide financial statements report the Department's governmental and business-type activities. Governmental activities are the activities financed by a general revenue appropriation, bonds or state and federal grant. Business-type activities are activities operated like a business. These activities provide goods or services for a fee on a cost reimbursement basis (i.e., are self-supporting).

The Statement of Net Assets reports what the Department owned (assets) and owed (liabilities) at June 30, 2009. Net assets are what will remain after all liabilities are paid off. Net assets legally limited to a particular use are reported as restricted. Unrestricted net assets are assets that can be used for any of the Department's purposes in future years.

The Statement of Activities reports the costs (expenses) of providing support services to other state agencies and local governments and the revenues obtained to finance them. The first column of the statement reports the Department's governmental and business-type activities by program. A program is a grouping of similar activities. For example, Program Support includes the support activities of the Office of the Secretary and the Administrative Services Division (which also operates the state's Inter-agency Mail Service). The second column lists each program's expenses. The next set of columns report program revenues (revenues earned by the programs themselves). The last three columns are obtained by subtracting program revenues from program expenses. They show the amounts by which programs covered their own costs with user fees, bond proceeds and grants. The bottom half of the statement shows the money appropriated and transferred to the Department from the State General Fund and other general revenues used to finance services.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Management's Discussion and Analysis - continued
Year Ended June 30, 2009

Fund Financial Statements

The fund financial statements follow the government-wide financial statements. They provide more detail about the Department's major funds (as defined by GASB 34, the most material governmental and business-type funds, not the Department as a whole). Smaller funds (labeled non-major) are combined and reported in total under the other funds column. The financial details pertaining to these smaller funds are reported in the combining financial statements located in the supplemental schedules.

Funds are a method of accounting used by the Department to keep track of specific revenue sources and expenditures for separate functions. Some funds are required by state law and by bond provisions. Management established other funds to control and manage money for particular purposes or to show that it is properly using certain financial resources. The Department uses three types of funds to account for its service activities.

➤ Governmental Funds

The focus of governmental funds is short-term. They report only current assets (cash, accounts receivable, etc.), current liabilities and financial resources that flowed in and out of the Department during the year. They are the governmental activities reported in the government-wide financial statements. The Department uses three types of governmental funds:

- **General Fund** is used to account for services funded by general revenue appropriations not accounted for in other funds.
- **Special Revenue Funds** are used to give an accounting of the use of resources legally restricted for specific uses. For example, the Procurement Assistance federal and state grant must be used to educate New Mexico businesses on how to do business with state, federal and local governments.
- **Capital Project Funds** are used to track appropriations to the Department to build, acquire, renovate and improve state-owned buildings and land.

➤ Proprietary Funds

Proprietary funds are used to report the Department's service activities that charge customers a fee. Most of the Department's services are included in proprietary funds. Like the government-wide financial statements, they report all assets (including capital assets), liabilities (short- and long-term), revenues, expenses, gains and loss. They report the services included in the business-type activities in the government-wide financial statements. The Department uses one kind of proprietary fund, **Enterprise Funds**, to account for services provided to external customers.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Management's Discussion and Analysis - continued
Year Ended June 30, 2009**

Fund Financial Statements - continued

➤ **Fiduciary Funds**

Fiduciary funds are used to account for resources the Department holds for others. The Department uses one kind of fiduciary fund, **Agency Funds**, to hold medical insurance premiums collected from other state agencies and other public bodies until the premiums are remitted to the insurance carriers. The Department is responsible for seeing that the assets in these funds are spent for their intended purpose. The finances of these funds are reported in a separate statement of fiduciary net assets. The resources of these funds are excluded from the government-wide financial statements because they cannot be used to finance the Department's operations.

Budgetary Comparisons

In addition to the MD&A, GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget to be presented as Required Supplementary Information (RSI). The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period, as well as the actual inflows, outflow and balances, stated on the government's budgetary basis.

As required by the Office of the State Auditor under 2.2.2 NMAC (the "Audit Rule"), the Statements of Revenues and Expenditures – Budget and Actual are also presented. This information is provided at the approved budget level to demonstrate compliance with legally authorized appropriations.

Notes to the Financial Statements

The notes to the financial statements consist of narratives and explanatory financial schedules that provide information that is essential to a user's understanding of the basic financial statements.

Financial Analysis of the Department as a Whole

Net Assets: Table A-1 summarizes the Department's net assets for the fiscal year ending June 30, 2009. Total Department net assets for fiscal year FY09 were \$419,723,075. The negative unrestricted balance is the result of the large deficit net assets of the risk funds offsetting the positive amounts of capital assets, net of related debt. It should be noted that the risk fund amounts shown reflect actuarially estimated losses from claims incurred that the affected fund(s) would need to pay using the fund's June 30, 2009 asset balance. Such reporting is required by GASB 10. The New Mexico Risk Management Advisory Board recommends maintaining the asset balances at a minimum of at least 50 percent of the actuarially estimated losses. Therefore, any fund amount that has less than 100 percent in assets to pay its estimated incurred losses, and other liabilities, will show a deficit net asset balance.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Management's Discussion and Analysis - continued
Year Ended June 30, 2009**

Financial Analysis of the Department as a Whole - continued

The larger part of the Department's restricted net assets (86%) represent payments that are restricted for insurance claims. They represent insurance premiums and contributions collected from other state agencies, local public bodies and employees that can only be spent to insure these entities and their employees against loss.

The \$202,572,278 deficit of unrestricted net assets indicates there are not sufficient resources on hand to pay claims against the state in future years. The increase in unrestricted net assets in 2009 is a result of a decrease in the claims payable for the risk liability funds. As a result of the recording of actuarially estimated losses from claims, the following risk funds have negative fund balances:

Public Liability Fund	\$	(33,364,075)
Workers' Compensation Retention	\$	(26,581,690)

**Table A-1
The Department's Net Assets**

		<u>FY2009</u>	<u>FY2008</u>	<u>Percent Change</u>
Assets:				
Current and Other Assets	\$	210,409,173	222,203,346	-5%
Capital Assets		<u>418,237,505</u>	<u>348,855,023</u>	<u>20%</u>
Total Assets		628,646,678	571,058,369	10%
Liabilities:				
Current Liabilities		107,956,902	117,026,528	-8%
Long term Obligations		<u>100,966,701</u>	<u>107,885,484</u>	<u>-6%</u>
Total Liabilities		208,923,603	224,912,012	-7%
Net Assets:				
Invested in Capital Assets		418,237,505	348,855,023	20%
Restricted		204,057,848	263,186,244	-22%
Unrestricted		<u>(202,572,278)</u>	<u>(265,894,910)</u>	<u>24%</u>
Total Net Assets	\$	<u>419,723,075</u>	<u>346,146,357</u>	21%

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Management's Discussion and Analysis - continued
Year Ended June 30, 2009**

Financial Analysis of the Department as a Whole - continued

Changes in Net Assets: The Department's change in net assets for fiscal year FY09 was an increase of \$73,726,560 (Table A-2). The change is the difference between total program revenues, general revenues and the total cost of all programs and services. The increase indicates the Department's financial position as a whole has improved from the previous fiscal year, primarily because the Department's executive management has been particularly focused on the actuarial soundness of funds. Additionally, the Department's leadership and staff strategically and progressively improved the efficiency of financial and program operations.

A major portion of the Department's revenues came from program revenues. Approximately 86% of total revenues came from service fees and insurance premiums collected from all state agencies, participating local public bodies and their employees. Only 11% of the Department's revenues came from general revenue appropriations, taxes and other general revenues.

Of the total cost of all programs and services of \$422,919,088, 78% of this amount, or \$330,641,079, is for group health and disability, dental, vision, long-term care and life insurance premiums paid to insurance companies on behalf of employees, former employees and retirees. \$38,757,393, or 9%, of the total cost pertains to public liability administration and claims payments.

**Table A-2
Changes in the Department's Net Assets**

	<u>FY2009</u>	<u>FY2008</u>	<u>Percent Change</u>
Revenue:			
Program Revenues:			
Charges for Services	\$ 12,321,868	13,150,772	-6%
Risk Management	<u>428,142,645</u>	<u>379,895,503</u>	<u>13%</u>
Total Program Revenues	440,464,513	392,046,275	12%
General Revenues	<u>56,181,135</u>	<u>37,554,985</u>	<u>50%</u>
Total Revenue	496,645,648	430,601,260	15%
Expenses:			
Employee Group Benefits	330,641,079	315,898,725	5%
Information Technology	-	-	0%
Risk Management	38,757,393	69,933,922	-45%
Other Expenses	<u>53,520,616</u>	<u>45,258,128</u>	<u>18%</u>
Total Expenses	<u>422,919,088</u>	<u>431,090,775</u>	<u>-2%</u>
Increase (Decrease) in Net Assets	\$ <u>73,726,560</u>	<u>(489,515)</u>	15,161%

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Management's Discussion and Analysis - continued
Year Ended June 30, 2009

Financial Analysis of the Department as a Whole - continued

Governmental Activities: Revenues of governmental activities decreased to \$60,694,146. This decrease was largely due to reversions in the general fund and capital projects funds during the current year..

The cost of all governmental activities this year increased to \$30,442,038. This increase was due to additional capital projects activity during the current year.

Business-type Activities: The cost of all business-type activities was \$392,497,050. Those who benefited from the services funded 100% of the cost.

Financial Analysis of the Department's Funds

Governmental Funds: Combined revenues and net financing sources from governmental fund types totaled \$60,694,146, a decrease of 7% from the preceding year.

Expenditures from governmental funds totaled \$100,431,866, an increase of \$61,181,309 from fiscal year 2008. The increase in total governmental expenditures is due to an increase in capital project activity during the current year.

Proprietary Funds: Operating revenues and net non-operating revenues of the Department's business-type activities increased 19% from the previous year to \$435,951,502. The increase in revenues was due to an increase in premiums for risk liability funds.

Expenses decreased 4% to \$392,497,050. The decrease occurred primarily because of decreases to the actuarial claims payable amounts for the risk liability funds.

Budget Comparisons

General Fund: For FY09, total actual revenues of \$16,454,600 were less than budgeted revenues of \$16,856,000. Total expenditures were \$819,458 under budget due to proper budgeting by the Department throughout the year.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Management's Discussion and Analysis - continued
Year Ended June 30, 2009**

Capital Assets and Debt Management

Capital Assets: The Department's investment in capital assets increased by \$69,382,482 in 2009 (Note 4), primarily due to increased activity in capital projects.

Long-term Debt: The Department's only long-term debt is compensated absences payable and claims payable of \$100,966,701.

Items Affecting the Department's Future

The Department's management believes that its future financial position could be affected by the following trends or events:

Rates for Services: The Department's business-type activities, as measured by the Statement of Revenues, Expenses and Changes in Net Assets for the major enterprise funds- Public Liability, Worker's Compensation Retention, State Transportation Pool, Group Insurance Premium Stabilization and Other Enterprise Funds, show that two of the five funds have an operating loss. This indicates that the service rates as developed with the current methods are not sufficient to recover actual costs of the programs.

The largest loss was in Other Enterprise Funds. Rate adjustments and reallocation of costs, which are currently in process, will help eliminate these losses.

Though the Risk Management funds did not have a loss in FY09, The Risk Management Advisory Board recommends 50 percent soundness (Assets/Estimated Outstanding Losses). The risk liability funds based on total assets of \$71,857,388 and estimated outstanding losses and other liabilities of \$105,221,463 shows the public liability fund to be 68 percent sound. This is a 15 percent increase in soundness of the risk liability funds from FY08.

General 2009: In closing, the General Services Department has completed audits for FY06, FY07 and FY08 in the fiscal year 2009. This is a great accomplishment, due to the fact that it provides improved methods for completing audits in an efficient and timely manner.

The Department plans to initiate and implement a new capital asset system/module within the current SHARE system. The SHARE capital asset module will provide proper accounting and controls of assets, inventory, and depreciation per Generally Accepted Accounting Principles, for capital assets such as: buildings, land and other asset purchases. It will also control and track maintenance costs for each asset.

The Department is also planning to implement a new accounts receivable SHARE module for accounting, controlling, preparing, analyzing, and forecasting of revenues, expenditures and collections.

FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Net Assets

AS OF JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
CURRENT ASSETS:			
Investment in the State General Fund			
Investment Pool	\$ 52,780,391	155,985,957	208,766,348
Receivables:			
Interest receivable	3,081	25,746	28,827
Accounts/trade receivable	-	3,690,080	3,690,080
Allowance for doubtful accounts	-	(2,689,652)	(2,689,652)
Due from (to) other funds	(460,681)	460,681	-
Due from other agencies	-	-	-
Other assets	7,027	8,866	15,893
Inventories	<u>250,905</u>	<u>346,772</u>	<u>597,677</u>
TOTAL CURRENT ASSETS	52,580,723	157,828,450	210,409,173
NON-CURRENT ASSETS:			
Capital assets	775,839,907	39,047,836	814,887,743
Less: accumulated depreciation	<u>(371,146,252)</u>	<u>(25,503,986)</u>	<u>(396,650,238)</u>
TOTAL NON-CURRENT ASSETS	<u>404,693,655</u>	<u>13,543,850</u>	<u>418,237,505</u>
TOTAL ASSETS	\$ <u>457,274,378</u>	<u>171,372,300</u>	<u>628,646,678</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Net Assets - continued

AS OF JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES:			
CURRENT LIABILITIES:			
Bank overdraft	\$ 153,420	-	153,420
Claims payable	-	74,695,355	74,695,355
Accounts payable	9,896,223	16,281,883	26,178,106
Payable to Agency Fund	81,930	-	81,930
Deferred revenue	4,192,052	-	4,192,052
Accrued payroll	311,947	396,312	708,259
Due to State General Fund	1,144,157	-	1,144,157
Due to other agencies	-	-	-
Capital leases payable	-	-	-
Accrued compensated absences	<u>337,903</u>	<u>465,720</u>	<u>803,623</u>
TOTAL CURRENT LIABILITIES	16,117,632	91,839,270	107,956,902
LONG-TERM DEBT:			
Claims payable	-	100,896,030	100,896,030
Compensated absences payable	<u>29,247</u>	<u>41,424</u>	<u>70,671</u>
TOTAL LIABILITIES	16,146,879	192,776,724	208,923,603
NET ASSETS:			
Invested in capital assets, net of related debt	404,693,655	13,543,850	418,237,505
Restricted for:			
Insurance/claims	-	175,591,385	175,591,385
Capital projects	28,466,463	-	28,466,463
Unrestricted	<u>7,967,381</u>	<u>(210,539,659)</u>	<u>(202,572,278)</u>
TOTAL NET ASSETS	<u>441,127,499</u>	<u>(21,404,424)</u>	<u>419,723,075</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>457,274,378</u>	<u>171,372,300</u>	<u>628,646,678</u>

YEAR ENDED JUNE 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS:				
GOVERNMENTAL ACTIVITIES:				
Program support	\$ 9,471,113	2,199,571	-	-
Procurement services	3,278,279	-	-	-
Business office space management/maintenance	136,505	-	-	-
Capital projects	<u>17,536,141</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES	30,422,038	2,199,571	-	-
BUSINESS-TYPE ACTIVITIES:				
Program support	11,722,620	1,671,739	-	-
Risk management	38,757,393	80,311,422	-	-
Employee group benefits	330,641,079	347,831,223	-	-
Transportation services	<u>11,375,958</u>	<u>8,450,558</u>	<u>-</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>392,497,050</u>	<u>438,264,942</u>	<u>-</u>	<u>-</u>
TOTAL	\$ <u>422,919,088</u>	<u>440,464,513</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Activities

	<u>Net (Expenses) Revenue and Changes in Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$	(7,271,542)	-	(7,271,542)
	(3,278,279)	-	(3,278,279)
	(136,505)	-	(136,505)
	<u>(17,536,141)</u>	<u>-</u>	<u>(17,536,141)</u>
	(28,222,467)	-	(28,222,467)
	-	(10,050,881)	(10,050,881)
	-	41,554,029	41,554,029
	-	17,190,144	17,190,144
	<u>-</u>	<u>(2,925,400)</u>	<u>(2,925,400)</u>
	<u>-</u>	<u>45,767,892</u>	<u>45,767,892</u>
	<u>(28,222,467)</u>	<u>45,767,892</u>	<u>17,545,425</u>
GENERAL REVENUES:			
Intra-agency transfers	(2,158,600)	2,158,600	-
Transfers:			
Severance tax bond proceeds	65,847,587	-	65,847,587
Appropriations - General Fund	16,377,100	841,800	17,218,900
Reversions - General Fund	(26,824,611)	-	(26,824,611)
Other State agency transfers, net	7,002,322	(6,497,179)	505,143
Interest income	127,458	1,184,127	1,311,585
Gain (loss) on disposal	<u>(1,876,681)</u>	<u>(788)</u>	<u>(1,877,469)</u>
TOTAL GENERAL REVENUES	<u>58,494,575</u>	<u>(2,313,440)</u>	<u>56,181,135</u>
CHANGE IN NET ASSETS	30,272,108	43,454,452	73,726,560
BEGINNING NET ASSETS	411,005,233	(64,858,876)	346,146,357
RESTATEMENT	<u>(149,842)</u>	<u>-</u>	<u>(149,842)</u>
BEGINNING NET ASSETS, restated	<u>410,855,391</u>	<u>(64,858,876)</u>	<u>345,996,515</u>
ENDING NET ASSETS	\$ <u>441,127,499</u>	<u>(21,404,424)</u>	<u>419,723,075</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Balance Sheet - Governmental Funds

AS OF JUNE 30, 2009

	Major Funds				Total Governmental
	General Fund	Capitol Buildings Repair Fund	Laws of 2006	Other Governmental Funds	
ASSETS:					
Investment in the State General Fund Investment Pool	\$ 4,231,924	15,245,045	9,063,358	24,240,064	52,780,391
Receivables:					
Interest	-	2,680	-	401	3,081
Due from other funds	185,032	-	-	146,685	331,717
Due from other agencies	-	-	-	-	-
Other assets	3,726	-	-	3,301	7,027
Inventories	250,905	-	-	-	250,905
TOTAL ASSETS	\$ 4,671,587	15,247,725	9,063,358	24,390,451	53,373,121
LIABILITIES:					
Bank overdraft	\$ -	-	-	153,420	153,420
Claims payable	-	-	-	-	-
Accounts payable	928,315	403,212	7,751,129	813,567	9,896,223
Deferred revenue	-	-	1,312,229	2,879,823	4,192,052
Accrued payroll	299,889	-	-	12,058	311,947
Due to other funds	707,625	-	-	166,703	874,328
Due to State General Fund	946,794	-	-	197,363	1,144,157
Due to other agencies	-	-	-	-	-
TOTAL LIABILITIES	2,882,623	403,212	9,063,358	4,222,934	16,572,127
FUND BALANCES:					
Reserved for:					
Inventories	250,905	-	-	-	250,905
Capital projects	-	14,844,513	-	13,621,950	28,466,463
Unreserved	1,538,059	-	-	6,545,567	8,083,626
TOTAL FUND BALANCES	1,788,964	14,844,513	-	20,167,517	36,800,994
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,671,587	15,247,725	9,063,358	24,390,451	53,373,121

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets**

YEAR ENDED JUNE 30, 2009

**TOTAL FUND BALANCE - GOVERNMENTAL FUNDS
(GOVERNMENTAL FUND BALANCE SHEET):**

\$ 36,800,994

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 in the funds.

The cost of capital assets is	775,839,907
Accumulated depreciation is	<u>(371,146,252)</u>

Total capital assets	404,693,655
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Long-term and certain other liabilities, such as compensated absences,
are not due and payable in the current period and therefore are
not reported as liabilities in the funds.

	<u>(367,150)</u>
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**NET ASSETS OF GOVERNMENTAL ACTIVITIES -
(STATEMENT OF NET ASSETS)**

\$ 441,127,499

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds

YEAR ENDED JUNE 30, 2009

	Major Funds				Total Governmental
	General Fund	Capital Buildings Repair Fund	Laws of 2006	Other Governmental Funds	
REVENUES:					
Service fees/premiums	-	680,575	-	1,518,996	2,199,571
Federal funds	-	-	-	-	-
Interest income	-	109,698	-	17,760	127,458
Capital projects appropriations	-	-	-	-	-
TOTAL REVENUES	-	790,273	-	1,536,756	2,327,029
EXPENDITURES:					
Current expenditures:					
Personnel services	6,492,298	-	-	239,354	6,731,652
Employee benefits	2,667,151	-	-	104,726	2,771,877
In-state travel	4,311	-	-	3,238	7,549
Out-of-state travel	1,950	-	-	-	1,950
Maintenance and repairs	2,618,155	94,505	47,988	67,367	2,828,015
Supplies	302,232	-	-	382	302,614
Contractual services	351,917	-	-	585,737	937,654
Operating costs	3,278,279	-	-	-	3,278,279
Other costs	-	-	-	127,006	127,006
Capital outlay	161,649	4,413,109	44,474,924	34,395,588	83,445,270
TOTAL EXPENDITURES	15,877,942	4,507,614	44,522,912	35,523,398	100,431,866
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,877,942)	(3,717,341)	(44,522,912)	(33,986,642)	(98,104,837)
OTHER FINANCING SOURCES (USES):					
Severance tax bond proceeds	-	-	31,887,244	33,960,343	65,847,587
Intra-agency transfer	(158,600)	(10,595)	(2,070,442)	81,037	(2,158,600)
Transfers:					
General and special appropriations	16,377,100	-	-	-	16,377,100
Reversions to State General Fund FY 09	(387,804)	-	(25,775,471)	(661,336)	(26,824,611)
Other State agency transfers, net	77,500	4,963,647	1,365,425	595,750	7,002,322
NET OTHER FINANCING SOURCES (USES)	15,908,196	4,953,052	5,406,756	33,975,794	60,243,798
NET CHANGE IN FUND BALANCES	30,254	1,235,711	(39,116,156)	(10,848)	(37,861,039)
BEGINNING FUND BALANCES	1,908,552	13,608,802	39,116,156	20,178,365	74,811,875
RESTATEMENT	(149,842)	-	-	-	(149,842)
BEGINNING FUND BALANCES, as restated	1,758,710	13,608,802	39,116,156	20,178,365	74,662,033
ENDING FUND BALANCES	1,788,964	14,844,513	-	20,167,517	36,800,994

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities

YEAR ENDED JUNE 30, 2009

**NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
(STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES)**

\$ (37,861,039)

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

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The decrease in the liabilities for the fiscal year was:

32,416

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts were:

Capital outlay	83,445,270
Depreciation expense	<u>(13,467,858)</u>

Excess of depreciation expense over capital outlay	<u>69,977,412</u>
----------------------------------------------------	-------------------

The Statement of activities reports the loss on the sale of equipment, while the the Statement of Revenues, Expenditures and Changes in Fund Balance reports the proceeds. The reconciling amount is the difference:

(1,876,681)

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES
(STATEMENT OF ACTIVITIES)**

\$ 30,272,108

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major Governmental Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	GENERAL FUND - TOTAL			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	16,778,500	16,778,500	16,377,100	(401,400)
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>77,500</u>	<u>77,500</u>	<u>77,500</u>	<u>-</u>
TOTAL REVENUE	16,856,000	16,856,000	<u>16,454,600</u>	<u>(401,400)</u>
FUND BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE BUDGETED	\$ <u>16,856,000</u>	<u>16,856,000</u>		
EXPENDITURES - current:				
Personal services and employee benefits	\$ 9,232,700	9,457,700	9,159,449	298,251
Contractual services	509,300	372,758	351,917	20,841
Other	6,881,000	6,792,542	6,366,576	425,966
Other financing uses	<u>233,000</u>	<u>233,000</u>	<u>158,600</u>	<u>74,400</u>
TOTAL EXPENDITURES	\$ <u>16,856,000</u>	<u>16,856,000</u>	<u>16,036,542</u>	<u>819,458</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES)			418,058	
NON-BUDGETED RECONCILING ITEMS				
Reversions to State General Fund			<u>(387,804)</u>	
RECONCILED EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES)			<u>30,254</u>	

AS OF JUNE 30, 2009

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
ASSETS:		
Current assets:		
Investment in the		
State General Fund Investment Pool	\$ 71,844,835	5,060,481
Receivables:		
Interest receivable	12,553	966
Accounts/trade receivable	296,790	737,100
Allowance for doubtful accounts	(296,790)	(737,100)
Due from other funds	-	-
Due from other agencies	-	-
Other assets	-	-
Inventories	<u>-</u>	<u>-</u>
 Total current assets	 71,857,388	 5,061,447
 Non-current assets:		
Capital assets	-	-
Accumulated depreciation	<u>-</u>	<u>-</u>
 Total non-current assets	 <u>-</u>	 <u>-</u>
 TOTAL ASSETS	 \$ <u>71,857,388</u>	 <u>5,061,447</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Net Assets - Enterprise Funds

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
5,506,045	47,150,701	26,423,895	155,985,957
-	8,364	3,863	25,746
979,683	-	1,676,507	3,690,080
(245,500)	-	(1,410,262)	(2,689,652)
265,080	245,790	392,865	903,735
-	-	-	-
1,867	422	6,577	8,866
<u>-</u>	<u>-</u>	<u>346,772</u>	<u>346,772</u>
6,507,175	47,405,277	27,440,217	158,271,504
27,563,567	-	11,484,269	39,047,836
<u>(18,887,808)</u>	<u>-</u>	<u>(6,616,178)</u>	<u>(25,503,986)</u>
<u>8,675,759</u>	<u>-</u>	<u>4,868,091</u>	<u>13,543,850</u>
<u>15,182,934</u>	<u>47,405,277</u>	<u>32,308,308</u>	<u>171,815,354</u>

AS OF JUNE 30, 2009

	35700	35900
	Public Liability	Workers' Compensation Retention
	<u> </u>	<u> </u>
LIABILITIES:		
Current liabilities:		
Bank overdraft	\$ -	-
Claims payable	20,035,856	10,864,624
Accounts payable	5,317,951	489,136
Deferred revenue	-	-
Accrued payroll	-	-
Due to other funds	-	-
Due to other agencies	-	-
Capital leases payable	-	-
Accrued compensated absences	<u>-</u>	<u>-</u>
 Total current liabilities	 25,353,807	 11,353,760
Long-term liabilities:		
Claims payable	79,867,656	20,289,377
Compensated absences payable	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES	 \$ <u>105,221,463</u>	 <u>31,643,137</u>
 NET ASSETS:		
Invested in capital assets, net of related debt	\$ -	-
Restricted for:		
Insurance/claims	99,903,512	31,154,001
Unrestricted	<u>(133,267,587)</u>	<u>(57,735,691)</u>
 TOTAL NET ASSETS	 <u>(33,364,075)</u>	 <u>(26,581,690)</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>71,857,388</u>	 <u>5,061,447</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Net Assets - Enterprise Funds - continued

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
-	-	-	-
-	36,779,388	7,015,487	74,695,355
351,075	8,661,858	1,461,863	16,281,883
-	-	-	-
46,136	-	350,176	396,312
-	-	443,054	443,054
-	-	-	-
-	-	-	-
<u>58,750</u>	<u>-</u>	<u>406,970</u>	<u>465,720</u>
455,961	45,441,246	9,677,550	92,282,324
-	-	738,997	100,896,030
<u>6,041</u>	<u>-</u>	<u>35,383</u>	<u>41,424</u>
<u>462,002</u>	<u>45,441,246</u>	<u>10,451,930</u>	<u>193,219,778</u>
8,675,759	-	4,868,091	13,543,850
-	36,779,388	7,754,484	175,591,385
<u>6,045,173</u>	<u>(34,815,357)</u>	<u>9,233,803</u>	<u>(210,539,659)</u>
<u>14,720,932</u>	<u>1,964,031</u>	<u>21,856,378</u>	<u>(21,404,424)</u>
<u>15,182,934</u>	<u>47,405,277</u>	<u>32,308,308</u>	<u>171,815,354</u>

YEAR ENDED JUNE 30, 2009

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
OPERATING REVENUES:		
Service for premiums	\$ 38,202,423	23,781,937
Federal funds	-	-
Interest income	691,352	42,205
Other revenue	<u>2,774,842</u>	<u>-</u>
TOTAL OPERATING REVENUES	41,668,617	23,824,142
OPERATING EXPENSES:		
Personnel services	-	-
Employee benefits	-	-
In-state travel	-	-
Out-of-state travel	-	-
Maintenance and repairs	-	-
Supplies	-	-
Contractual services	12,448,743	2,294,039
Depreciation	-	-
Operating costs	-	41,101
Other costs	<u>2,307,588</u>	<u>14,399,394</u>
TOTAL OPERATING EXPENSES	<u>14,756,331</u>	<u>16,734,534</u>
OPERATING INCOME (LOSS)	26,912,286	7,089,608

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Statement of Revenues, Expenses and Changes
in Net Assets - Enterprise Funds**

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
7,188,569	340,070,573	24,911,287	434,154,789
-	-	-	-
-	305,589	144,981	1,184,127
<u>365,646</u>	<u>10,007</u>	<u>959,658</u>	<u>4,110,153</u>
7,554,215	340,386,169	26,015,926	439,449,069
927,346	-	6,514,652	7,441,998
506,062	-	2,664,520	3,170,582
10,012	-	24,550	34,562
4,366	-	13,802	18,168
1,402,851	-	294,786	1,697,637
18,391	2,093	350,674	371,158
17,089	20,277,129	3,150,146	38,187,146
2,448,296	-	1,064,493	3,512,789
3,630,617	-	11,548,299	15,220,017
<u>39,371</u>	<u>304,093,389</u>	<u>2,003,251</u>	<u>322,842,993</u>
<u>9,004,401</u>	<u>324,372,611</u>	<u>27,629,173</u>	<u>392,497,050</u>
(1,450,186)	16,013,558	(1,613,247)	46,952,019

YEAR ENDED JUNE 30, 2009

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on disposal	\$ -	-
Intra-agency transfers	(5,564,600)	(1,030,400)
Transfers:		
General appropriations	-	-
Other state agency transfers	-	-
Other state funds	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(5,564,600)</u>	<u>(1,030,400)</u>
INCOME BEFORE TRANSFERS	21,347,686	6,059,208
TRANSFERS FROM (TO)	<u>-</u>	<u>-</u>
CHANGE TO NET ASSETS	21,347,686	6,059,208
BEGINNING NET ASSETS	(54,711,761)	(32,640,898)
RESTATEMENT	<u>-</u>	<u>-</u>
BEGINNING NET ASSETS, as restated	<u>(54,711,761)</u>	<u>(32,640,898)</u>
ENDING NET ASSETS	\$ <u>(33,364,075)</u>	<u>(26,581,690)</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Statement of Revenues, Expenses and Changes
in Net Assets - Enterprise Funds - continued**

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
(788)	-	-	(788)
(342,500)	(2,188,000)	11,284,100	2,158,600
-	-	841,800	841,800
-	-	(6,497,179)	(6,497,179)
-	-	-	-
<u>(343,288)</u>	<u>(2,188,000)</u>	<u>5,628,721</u>	<u>(3,497,567)</u>
(1,793,474)	13,825,558	4,015,474	43,454,452
-	-	-	-
(1,793,474)	13,825,558	4,015,474	43,454,452
16,514,406	(11,861,527)	17,840,904	(64,858,876)
-	-	-	-
<u>16,514,406</u>	<u>(11,861,527)</u>	<u>17,840,904</u>	<u>(64,858,876)</u>
<u>14,720,932</u>	<u>1,964,031</u>	<u>21,856,378</u>	<u>(21,404,424)</u>

YEAR ENDED JUNE 30, 2009

	35700	35900
	Public Liability	Workers' Compensation Retention
	<u> </u>	<u> </u>
OPERATING ACTIVITIES:		
Fees received	\$ 45,032,113	23,823,176
Other income	-	-
Cash paid to suppliers and employees	<u>(26,728,338)</u>	<u>(16,195,967)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	18,303,775	7,627,209
NON-CAPITAL FINANCING ACTIVITIES:		
Appropriation from/reversion to State General Fund	-	-
Severance tax bond proceeds	-	-
Transfers	<u>(5,564,600)</u>	<u>(1,030,400)</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(5,564,600)	(1,030,400)
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Loan payment	-	(3,000,000)
Purchase of capital assets	-	-
Capital lease and expenditures	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(3,000,000)</u>
NET INCREASE (DECREASE) IN CASH	12,739,175	3,596,809
BEGINNING CASH	<u>59,105,660</u>	<u>1,463,672</u>
ENDING CASH	\$ <u>71,844,835</u>	<u>5,060,481</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Cash Flows - Enterprise Funds

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
8,364,373	340,594,606	25,577,286	443,391,554
365,646	-	752,013	1,117,659
<u>(6,486,195)</u>	<u>(326,271,618)</u>	<u>(27,386,230)</u>	<u>(403,068,348)</u>
2,243,824	14,322,988	(1,056,931)	41,440,865
-	-	841,800	841,800
-	-	-	-
<u>(342,500)</u>	<u>(2,188,000)</u>	<u>4,786,921</u>	<u>(4,338,579)</u>
(342,500)	(2,188,000)	5,628,721	(3,496,779)
-	-	-	(3,000,000)
(2,327,332)	-	(2,468,000)	(4,795,332)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(2,327,332)</u>	<u>-</u>	<u>(2,468,000)</u>	<u>(7,795,332)</u>
(426,008)	12,134,988	2,103,790	30,148,754
<u>5,932,053</u>	<u>35,015,713</u>	<u>24,320,105</u>	<u>125,837,203</u>
<u>5,506,045</u>	<u>47,150,701</u>	<u>26,423,895</u>	<u>155,985,957</u>

YEAR ENDED JUNE 30, 2009

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 26,912,286	7,089,608
Adjustments:		
Depreciation	-	-
Decrease (increase) in assets:		
Accounts receivable and due from other agencies and funds	3,363,496	(965)
Inventories	-	-
Other assets	-	-
Increase (decrease) in liabilities:		
Insurance claims payable	(14,942,498)	459,488
Accounts payable and due to other agencies and funds	2,970,491	79,078
Accrued expenses	-	-
Deferred revenue	-	-
Accrued compensated absences	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u>18,303,775</u>	<u>7,627,209</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Cash Flows - Enterprise Funds - continued

<u>36500</u> <u>State</u> <u>Transportation</u> <u>Pool</u>	<u>75200</u> <u>Group Insurance</u> <u>Premium</u> <u>Stabilization</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u>
(1,450,186)	16,013,558	(1,613,247)	46,952,019
2,448,296	-	1,064,493	3,512,789
1,172,553	208,436	891,019	5,634,539
-	-	45,663	45,663
3,253	-	9,835	13,088
-	(7,488,459)	326,690	(21,644,779)
103,242	6,627,856	(1,593,723)	8,186,944
(39,528)	(1,038,403)	(216,640)	(1,294,571)
(1,947)	-	-	(1,947)
<u>8,141</u>	<u>-</u>	<u>28,979</u>	<u>37,120</u>
<u>2,243,824</u>	<u>14,322,988</u>	<u>(1,056,931)</u>	<u>41,440,865</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Fiduciary Assets and Liabilities - Agency Funds

AS OF JUNE 30, 2009

	<u>Agency Funds</u>
ASSETS:	
Cash	\$ 1,346,907
Deposits due from others	3,745
Due from other funds	<u>81,930</u>
TOTAL ASSETS	\$ <u>1,432,582</u>
LIABILITIES:	
Accounts payable	\$ 1,419,706
Deposits held in custody for others	<u>12,876</u>
TOTAL LIABILITIES	\$ <u>1,432,582</u>

NATURE OF ORGANIZATION

The State of New Mexico General Services Department (Department) was created to increase the efficiency and responsiveness of New Mexico State Government by consolidating certain governmental functions within a single department and by providing support services for other governmental entities. Specific programs accomplish a number of services, including building maintenance and security; transportation; automated data processing; voice, data and radio communications; capital projects and improvements; central purchasing; and printing.

Reporting Entity

The financial reporting entity, as defined by GASB Statements 14 and 39, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government".

The chief executive of the Department is the Secretary, who is appointed by the Governor of New Mexico and is a member of the Governor's cabinet. The Department is included in the State's reporting entity. These financial statements include all funds over which the Department Secretary has oversight responsibility. The functions of the Department are administered through the following divisions: Building Services, Administrative Services, Information Systems, Property Control, Risk Management, State Purchasing and Transportation. Overall support is provided by the Administrative Services Division and the Office of the Secretary.

State Personnel Office. The State Personnel Office is administratively attached to the Department. The Department has no administrative or financial control over this agency and, accordingly, it is not included in the Department's financial statements.

The Department had no component units during the year ended June 30, 2009.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

In June 1999, the GASB unanimously approved GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This statement provides for the most significant change in financial reporting in over 20 years and is scheduled for a phased implementation based on size of government.

• **Government-wide 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 non-fiduciary funds of the Department and exclude component units that are fiduciary in nature. 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. The components of net assets are invested in capital assets, net of related debt, if applicable, restricted and unrestricted.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 are reported as general revenues. Indirect expenses are allocated to other costs.

Separate financial statements are provided for governmental funds and 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.

• **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary (enterprise) funds and the fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

• **Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued**

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

Fund financial statements report detailed information about the Department. 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB No. 33 (as it relates to non-exchange and exchange transactions), the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient. Derived tax revenues (gas, motor vehicle) are included as revenue when the underlying transaction takes place. Any non-exchange transactions (including grants, taxes and contributions) are not recognized until they are measurable or reasonably estimable.

Proprietary (enterprise) funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise 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 non-operating revenues and expenses.

The accounts of the Department 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, fund balance/net assets, revenues and expenditures/expenses. The various funds are summarized by type in the accompanying financial statements. The following fund types are used by the Department:

Governmental-type Funds – Governmental-type funds are those through which most governmental functions of the Department are financed. The acquisition, use and balances of the Department’s expendable available financial resources and the related liabilities (except those accounted for in enterprise funds) are accounted for through governmental-type funds. Governmental fund types have fund balance reservations, designations and restrictions. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the government fund types:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **Measurement Focus, Basis of Accounting and Financial Statement Presentation – continued**

General Fund - The General Fund is the general operating fund of the Department. It is used to account for the general operations of the Department in carrying out its specific functions. The primary source of revenue for the General Fund is State appropriations. The General Fund exists through the annual budget approval.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

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.

Major governmental-type funds in addition to the general fund include:

Capital Buildings Repair Fund – A capital projects fund used to account for repairs, remodeling and equipping of capitol buildings and adjacent lands, and to repair or replace building machinery and building equipment located in the capitol building.

Laws of 2006 - A capital projects fund used to account for the acquisition, improvement, alteration or reconstruction of long-term assets.

Business-type Funds – Enterprise funds are used to account for the Department’s ongoing activities where the intent of the State 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. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Major enterprise-type funds include:

Public Liability – provides liability insurance for state agencies and their employees and for any local public body participating in the fund and pays claims and judgments under the certificate of coverage.

Workers’ Compensation Retention – accounts for the purchase and administration of workers’ compensation insurance for employees of state agencies.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

• **Measurement Focus, Basis of Accounting and Financial Statement Presentation – continued**

State Transportation Pool – (Fund 36500, non-reverting, Chapter 15, Article 8, NMSA 1978) provides transportation for all state agencies in the Santa Fe and Albuquerque, New Mexico areas.

Group Insurance Premium Stabilization –accounts for premiums collected under the *Consolidated Omnibus Budget Reconciliation Act (COBRA)* from former employees of the Department who have elected to continue their health insurance coverage with the Department's carrier.

Fiduciary Funds (Agency Funds) – These funds are used to account for assets held by the Department 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.

• **Budgetary Data**

Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, item N, "For the purpose of administering the General Appropriation Act of 2007 and approving operating budgets, the state of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration." The budget is adopted on the modified accrual basis of accounting, except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget. The legal level of budgetary control is at the appropriation unit level.

The unexpended State General Fund appropriation to the Department lapses at year end and reverts to the State General Fund. The Department may also receive funding from various special appropriations. The language of a particular special appropriation determines when it lapses and whether or not unexpended balances revert to the State General Fund.

• **Cash Deposits**

The Department is required by statute to deposit any money received into the State Fiscal Agent Bank. Balances maintained at the end of the day are pooled and invested by the State Treasurer in 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 Department. Cash and cash equivalents are defined to include cash on deposit with banks or the State Treasurer.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

• **Inventories**

Inventories are valued at the lower of cost (first-in, first-out method) or market and consist of expendable supplies held for consumption and raw materials used in the printing department.

The Department also maintains an inventory of Federal Surplus Property for resale to other state departments or agencies, local government or not-for-profit organizations. This inventory is not recorded on the financial statements of the Department as it is not considered to be a financial or capital resource.

• **Capital Assets and Depreciation**

Capital assets are stated at cost or estimated cost, and include land, buildings, computer software, property and equipment constructed with Department resources and acquired with State appropriations and government grant funds. They also include certain land and buildings transferred from other departments and agencies of the State of New Mexico under the provisions of the Property Control Act (Section 15-3, NMSA 1978). Capitalized asset additions made through governmental funds are recorded as capital outlay expenditures in the respective funds and recorded in the government-wide financial statements. Items greater than \$5,000 are capitalized.

Capital assets acquired by enterprise funds are reported in those funds at cost or at estimated fair value at the time of donation. Provisions for depreciation are computed using the straight-line method and charged to operations of enterprise funds over the assets' estimated useful lives using the straight-line method. Estimated useful lives are 10 to 40 years for building and improvements; 3 to 6 years for motor vehicles and motorized equipment; and 4 to 20 years for furniture, machinery and equipment.

Capital assets for the governmental activities are recorded on the government-wide financial statements and depreciated over the same estimated useful lives using the straight-line method.

• **Compensated Absences**

A total of 12 days of sick leave per year may be accumulated by each employee. 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 termination, employees are paid 50% of the excess over 600 hours, up to a maximum of 400 hours. Employees may accrue from 10 days to 20 days of annual leave per year, depending on the years of service. Employees are paid for the accumulated annual leave upon retirement or other termination. A maximum of 30 days of annual leave may be accumulated by each employee.

Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the financial statement date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute 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 quasi-external transactions and reimbursements, are reported as 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, the effect of interfund activity has been eliminated from the government-wide financial statements. 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.

- **Restricted Expendable Net Assets**

GASB Pronouncement Number 46 states that net assets are legally enforceable, meaning that a government can be compelled by an external party (i.e., citizen, public interest group, etc.) to use resources only as created by the legislation. The three categories of net assets are invested in capital assets, net of related debt, restricted and unrestricted.

Restricted expendable net assets are created to either 1) satisfy legal covenants that require a portion of the fund balance be segregated, or 2) identify the portion of the fund balance that is not appropriated for future expenditures. Specific restricted net asset accounts are summarized below:

Restricted for insurance/claims – Amounts to be paid in the future on risk management insurance and various other claims.

Restricted for capital projects – Resources that must be used to acquire capital assets. At June 30, 2009, \$28,466,463 was restricted by enabling legislature for capital projects expenditures.

- **Reservations of Fund Balances**

Reserved for inventories – Portion of fund balance that is not available for expenditures but for inventory balances not yet consumed.

Reserved for capital projects – Resources that must be used to acquire capital assets.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

- **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.

2. CASH (INVESTMENT IN THE STATE GENERAL FUND INVESTMENT POOL)

State law requires the Department’s investments to be managed by the New Mexico State Treasurer’s Office.

The fair value of the investments maintained at the New Mexico State Treasurer’s Office are as follows at June 30, 2009:

Investment	Maturities	Fair Value
New Mexico State Treasurer’s Office: General Fund Investment Pool	1 day to 3 years	\$ 209,959,835

- **Interest Rate Risk**

The Department does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

- **Credit Risk**

The New Mexico State Treasurer’s Office is not rated.

For additional GASB 40 disclosure information related to the above investment pool, the reader should refer to the separate audit report for the State Treasurer’s Office.

- **Pledged Collateral (Custodial Credit Risk)**

In accordance with Section 6-10-7 NMSA 1978, deposits of public monies are to be collateralized in an aggregate equal to 50% of deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance coverage. Deposits are exposed to custodial risks if they are not covered by depository insurance.

Detail of pledged collateral specific to this agency is unavailable because the bank commingles pledged collateral for all state funds it holds. However, the State Treasurer’s Office collateral bureau monitors pledged collateral for all state funds held by state agencies in such “authorized” bank accounts.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

2. CASH (INVESTMENT IN THE STATE TREASURER INVESTMENT POOL) – continued

• Pledged Collateral (Custodial Credit Risk) - continued

The New Mexico State Treasurer's office is responsible to ensure that all accounts have collateral at the required level for amounts in excess of FDIC coverage. The New Mexico State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits, the categories of risk involved, and the market value of purchased investments, which may differ from the cash deposited by the Department.

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES

Amount Due to Governmental Funds			Amount Due to Business-type Funds			Amount Due to Agency Funds		
Fund Name	Fund No.	Amount	Fund Name	Fund No.	Amount	Fund Name	Fund No.	Amount
General Fund	17400	\$185,032	Admin. Services Div.	19700	\$23,778	Ins. Carrier Prems.	56100	\$81,930
Purchasing Div. Fees	28600	39,614	RMD - Operating	35200	302,881			
Procure. Assist. Pgm.	58500	78,205	State Unemploy. Comp.	35300	37,121			
Capital Projects -			Surplus Prop. Bureau	36000	16,972			
Laws of 2002	24900	<u>28,866</u>	State Transp. Pool.	36500	265,080			
			State Aircraft Pool	41700	4,765			
			Health Benefits Prem.	75200	245,790			
			State Printing	80600	<u>7,348</u>			
Total		<u>\$331,717</u>	Total		<u>\$903,735</u>	Total		<u>\$81,930</u>

Total Due From \$ 1,317,382

Amount Due from Governmental Funds			Amount Due from Business-type Funds		
Fund Name	Fund No.	Amount	Fund Name	Fund No.	Amount
General Fund	17400	\$ 707,625	Admin. Services Division	19700	\$ 182,858
Purch. Div. Fees	28600	116,672	RMD-Operating	35200	1,756
Procure. Assist. Program	58500	21,165	State Aircraft Pool	41700	250,873
Capital Projects			State Printing	80600	<u>7,567</u>
Administrative Costs	12500	<u>28,866</u>			
Total		\$ <u>874,328</u>	Total		\$ <u>443,054</u>

Total Due To \$ 1,317,382

Net Due to (from)		Net Due to (from)		Payable to	
Governmental Funds	\$ <u>(542,611)</u>	Business-type Funds	\$ <u>460,681</u>	Agency Fund	\$ <u>81,930</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES - continued

All interfund transactions are expected to be settled within one year.

Due from and to other funds as of June 30, 2009, are as follows:

Due To Fund	Fund No.	Balance	Due From Fund	Fund No.
General Fund				
General Fund	17400	\$ 105,504	Purchasing Division	28600
	17400	<u>79,528</u>	Program Support	19700
Total General Fund		185,032		
Special Revenue Funds:				
Purchasing Division	28600	33,729	General Fund	17400
	28600	412	RMD - Operating	19700
	28600	873	State Aircraft Pool	41700
	28600	1,220	State Printing	80600
	28600	<u>3,380</u>	General Fund	35200
		39,614		
Proc. Assist. Program	58500	76,600	General Fund	17400
	58500	261	Program Support	19700
	58500	<u>1,344</u>	RMD - Operating	35200
		<u>78,205</u>		
Total Special Rev. Funds		117,819		
Capital Projects:				
Capital Projects - Laws 2002	24900	28,866	Cap Projects Admin Fund	12500
Enterprise Funds:				
Program Support	19700	2,613	Purchasing Division Fees	28600
	19700	<u>21,165</u>	Proc. Assist. Program	58500
		23,778		
RMD - Operating	35200	251,198	General Fund	17400
	35200	<u>51,683</u>	Admin. Services Division	19700
		302,881		
State Unempl. Comp.	35300	37,121	Admin. Services Division	19700
Surplus Property Bureau	36000	13,831	Admin. Services Division	19700
	36000	<u>3,141</u>	Purchasing Div. Fees	28600
		16,972		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES – continued

Due To Fund	Fund No.	Balance	Due From Fund	Fund No.
Enterprise Funds – cont.:				
Transportation Svcs.	36500	\$ 649	Purchasing Div. Fees	28600
	36500	6,347	State Printing	80600
	36500	250,000	State Aircraft Pool	41700
	36500	434	Program Support	19700
	36500	<u>7,650</u>	General Fund	17400
		265,080		
State Aircraft Pool	41700	4,765	Purchasing Div. Fees	28600
Health Benefits Premium	75200	245,790	General Fund	17400
State Printing Service	80600	<u>7,348</u>	General Fund	17400
Total Enterprise Funds		903,735		
Agency Funds:				
Insurance Carrier Prems.	56100	<u>81,930</u>	General Fund	17400
Total		\$ <u>1,317,382</u>		
Due From Fund	Fund No.	Balance	Due To Fund	Fund No.
General Fund:				
General Fund	17400	\$ (7,650)	Transp. Services	36500
	17400	(81,930)	Insurance Carrier Prems.	56100
	17400	(245,790)	Health Benefits Prems.	75200
	17400	(7,348)	State Printing	80600
	17400	(251,198)	RMD – Operating	35200
	17400	(37,109)	Purchasing Div. Fees	28600
	17400	<u>(76,600)</u>	Procure. Assist. Pgm.	58500
Total General Fund		(707,625)		
Special Revenue Funds:				
Purchasing Division	28600	(105,504)	General Fund	17400
	28600	(3,141)	Surplus Property	36000
	28600	(4,765)	State Aircraft Pool	41700
	28600	(649)	Transp. Services	36500
	28600	<u>(2,613)</u>	Program Support	19700
		(116,672)		
Procure. Assist. Pgm.	58500	(21,165)	Program Support	19700
Cap Projects Admin Fund	12500	<u>(28,866)</u>	Cap Projects - Laws 2002	24900
Total Special Rev. Funds		(166,703)		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES - continued

Due From Fund	Fund No.	Balance	Due To Fund	Fund No.
Enterprise Funds:				
Program Support	19700	\$ (7,810)	Surplus Property	36000
	19700	(6,021)	Surplus Property	36000
	19700	(79,528)	General Fund	17400
	19700	(51,683)	RMD - Operating	35200
	19700	(434)	Transp. Services	36500
	19700	(261)	Procure. Assist. Pgm.	58500
	19700	<u>(37,121)</u>	State Unempl. Comp.	35300
Total Program support		(182,858)		
RMD - Operating	35200	(1,344)	Procure. Assist. Pgm.	58500
	35200	<u>(412)</u>	Purchasing Div. Fees	28600
		(1,756)		
State Aircraft Bureau	41700	(250,000)	Transportation Services	36500
	41700	<u>(873)</u>	Purchasing Div. Fees	28600
		(250,873)		
State Printing Service	80600	(6,347)	Transportation Services	36500
		<u>(1,220)</u>	Purchasing Div. Fees	28600
		<u>(7,567)</u>		
Total Enterprise Funds		<u>(443,054)</u>		
Total		\$ <u>(1,317,382)</u>		

The purpose of all interfund and interagency balances is to record the services that the Department provides to other funds and agencies (e.g., information processing, printing, insurance, etc.)

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

4. CAPITAL ASSETS

• **Governmental-type Activities Capital Assets**

A summary of changes in the capital assets recorded in the government-wide financial statements follows:

<u>Governmental-type Activities</u>	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Buildings and improvements	\$ 557,220,812	48,854,862	(9,906,803)	596,168,871
Machinery and equipment	871,185	29,189	-	900,374
Projects in progress	<u>132,880,046</u>	<u>34,561,219</u>	<u>-</u>	<u>167,441,265</u>
Total	690,972,043	83,445,270	(9,906,803)	764,510,510
Accumulated depreciation:				
Buildings and improvements	(365,147,227)	(13,360,193)	8,030,122	(370,477,298)
Machinery and equipment	<u>(561,289)</u>	<u>(107,665)</u>	<u>-</u>	<u>(668,954)</u>
Total accumulated depreciation	(365,708,516)	(13,467,858)	8,030,122	(371,146,252)
Land	<u>11,329,397</u>	<u>-</u>	<u>-</u>	<u>11,329,397</u>
Net Total	\$ <u>336,592,924</u>	<u>69,977,412</u>	<u>(1,876,681)</u>	<u>404,693,655</u>

Depreciation expense of \$13,467,858 was charged to the Capital Projects function.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

4. CAPITAL ASSETS - continued

• **Business-type Activities Capital Assets**

A summary of changes in business-type activities capital assets follows:

<u>Business-type Activities</u>	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance June 30, 2009</u>
Aircraft, Autos, & Trucks	\$ 33,918,634	4,795,328	(1,553,570)	37,160,392
Buildings and Improvements	1,798	-	-	1,798
Furniture & Fixtures	49,843	-	-	49,843
Machinery and equipment	<u>1,835,803</u>	<u>-</u>	<u>-</u>	<u>1,835,803</u>
Total	35,806,078	4,795,328	(1,553,570)	39,047,836
Accumulated depreciation:				
Aircraft, Autos, & Trucks	(21,819,198)	(3,454,119)	1,552,199	(23,721,118)
Buildings and Improvements	(1,462)	(72)	-	(1,534)
Furniture & Fixtures	(49,039)	(507)	-	(49,546)
Machinery and equipment	<u>(1,674,280)</u>	<u>(58,091)</u>	<u>583</u>	<u>(1,731,788)</u>
Total accumulated depreciation	(23,543,979)	(3,512,789)	1,552,782	(25,503,986)
Land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total	\$ <u>12,262,099</u>	<u>1,282,539</u>	<u>(788)</u>	<u>13,543,850</u>

5. LEASES (Enterprise Funds)

• **Operating Leases**

Lease expenditures/expenses for the year ended June 30, 2009 totaled approximately \$2,986,084. Lease expense for vehicles approximates the revenue earned by the Department for leasing these vehicles to other state agencies. The Department has other lease agreements with related expenses reflected in the individual funds' operating costs. The majority of the Department's leases do not exceed on year in term. Additionally, the Department has required payments for their pro-rata share of utilities and maintenance related to site leases.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

5. LEASES (Enterprise Funds) - continued

• **Operating Leases - continued**

The following is a schedule by year of future minimum lease payments for various copiers, sites and leased vehicles at June 30, 2009:

Years ending June 30:	<u>Lease Amounts</u>
2010	\$ 2,761,705
2011	309,395
2012	188,784
2013	61,345
2014	2,268
2014 – 2018	-
2019 – 2023	-
2024 – 2025	-
	\$ <u>3,323,497</u>

6. INSURANCE CLAIMS PAYABLE (Enterprise Funds)

The State of New Mexico manages its risks internally and sets aside assets for claim settlement through Enterprise Funds within the Risk Management Division of the General Services Department. The Risk Management Division (RMD) 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. The Department has reinsurance for liability and civil rights claims in the amounts of \$1,050,000 each. The Department has a tort claim cap of \$1,050,000. Civil rights claims may exceed this amount and the Department has reinsurance from \$5,000,000 to \$10,000,000. The Department would then be liable for the remaining above \$10,000,000. All funds, agencies and authorities of the State participate in Risk Management. Risk Management 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 catastrophic losses.

Risk Management 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 recent settled claims, the frequency of claims and other economic and social factors.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

6. INSURANCE CLAIMS PAYABLE (Enterprise Funds) - continued

Insurance claims payable of \$175,591,385 were reported with the Department through June 30, 2009. The amounts of the liabilities are determined by independent actuarial consultants to the Department. The total liability is shown in the accompanying financial statements at the present value of the payments, computed at 3.50% annual rate (except for long-term disability liability, which is computed at 5% annual rate) between June 30, 2009 and the date the claims are ultimately expected to be paid.

Insurance claims payable presented are actuarial computed estimates of the costs of administering, defending and settling claims for events that had occurred as of the year end. Since these estimates are based on historical information and various statistical measures, actual amounts paid may vary significantly from the amount estimated by the fund actuaries and reported herein.

The basis of estimating the liabilities for unpaid claims is found in the independent actuarial report. The following shows the reconciliation of changes in the unpaid claims in the Risk Management Funds, which are stated at present value:

<u>Fund</u>	<u>Balance June 30, 2008</u>	<u>Incurred (Net of Actuarial Provision)</u>	<u>Payments</u>	<u>Balance June 30, 2009</u>
35800 - Surety Bond	\$ 30,146	18,854	49,000	-
35600 - Public Property Reserve	1,865,624	2,858,156	2,448,891	2,274,889
35900 - Workers' Compensation	30,694,513	13,460,558	13,001,070	31,154,001
35700 - Public Liability	114,846,010	160,272	15,102,770	99,903,512
35300 - State Unemployment	4,501,240	5,296,379	5,349,896	4,447,723
35400 - Local Public Body	1,030,784	1,273,673	1,272,585	1,031,872
75200 - Group Insurance Premium	<u>44,267,847</u>	<u>303,028,462</u>	<u>310,516,921</u>	<u>36,779,388</u>
Net Total	\$ <u>197,236,164</u>	<u>326,096,354</u>	<u>347,741,133</u>	<u>175,591,385</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

6. INSURANCE CLAIMS PAYABLE (Enterprise Funds) - continued

<u>Fund</u>	<u>Balance June 30, 2007</u>	<u>Incurred (Net of Actuarial Provision)</u>	<u>Payments</u>	<u>Balance June 30, 2008</u>
35800 - Surety Bond	\$ 142,548	(112,402)	-	30,146
35600 - Public Property Reserve	2,110,492	2,558,725	2,803,593	1,865,624
35900 - Workers' Compensation	27,268,015	16,382,520	12,956,022	30,694,513
35700 - Public Liability	107,861,369	24,920,031	17,935,390	114,846,010
35300 - State Unemployment	4,416,488	4,836,748	4,751,996	4,501,240
35400 - Local Public Body	949,545	1,075,036	993,797	1,030,784
75200 - Group Insurance Premium	<u>37,767,400</u>	<u>288,830,157</u>	<u>282,329,710</u>	<u>44,267,847</u>
Net Total	\$ <u>180,515,857</u>	<u>338,490,815</u>	<u>321,770,508</u>	<u>197,236,164</u>

7. COMPENSATED ABSENCES

The compensated absence liability of the governmental funds has typically been liquidated by the general fund in prior years. The changes in accrued compensated absences for governmental activities are as follows:

<u>Balance June 30, 2008</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due Within One Year</u>
\$ <u>399,566</u>	<u>325,776</u>	<u>(358,192)</u>	<u>367,150</u>	<u>337,903</u>

The changes in accrued compensated absences for business-type activities are as follows:

<u>Balance June 30, 2008</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due Within One Year</u>
\$ <u>470,024</u>	<u>430,944</u>	<u>(393,824)</u>	<u>507,144</u>	<u>465,720</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

8. JOINT POWERS AGREEMENTS

The General Services Department Risk Management Division provides legal representation of New Mexico Corrections Department (NMCD) employees by NMCD's Office of General Counsel in those pro se cases for which NMCD employers are provided by the Department's Risk Management Division pursuant to the NM Tort Claims Act. The term is from July 1, 2008 to June 30, 2012, and is funded with \$894,518 in other state funds. The Department will pay any settlements authorized and any judgments resulting from trials. The Department made payments to NMCD during 2008 totaling \$237,780.

<u>Participants</u>	<u>Responsible Party</u>	<u>Description</u>	<u>Term</u>	<u>Total Amount</u>	<u>Current Year Amount</u>	<u>Books Recorded</u>
NMCD/GSD	GSD	See above	July 2008 – June 2012	\$987,384	\$237,780	GSD

In addition, GSD entered into two new JPAs, shown in the schedule below:

<u>Participants</u>	<u>Responsible Party</u>	<u>Description</u>	<u>Term</u>	<u>Total Amount</u>	<u>Current Year Amount</u>	<u>Books Recorded</u>
University of New Mexico/GSD	GSD	Creation of 2 new custom training classes.	Nov. 2008 – June 2009	\$8,000	\$8,000	GSD
Santa Fe Community College/GSD	GSD	Creation of 2 new custom training classes.	Sept. 2008 – June 2009	\$9,900	\$9,900	GSD

9. SPECIAL APPROPRIATIONS

The General Services Department received the following special appropriations for fiscal year 2009:

	<u>Original Appropriation</u>	<u>End Date</u>	<u>Amount Received</u>	<u>Expenditures</u>	<u>Outstanding</u>	<u>Remaining</u>
Laws of 2008, Chapter 92, Section 35, Item 1, Family Visitation Center	\$ 24,000	6/30/2012	24,000	-	-	24,000
Laws of 2008, Chapter 92, Section 35, Item 2, Safety Inspection Center	\$ 10,000	6/30/2012	10,000	-	-	10,000
Laws of 2008, Chapter 92, Section 35, Item 3, Theater Renovation	\$ 45,000	6/30/2012	45,000	-	-	45,000

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

9. SPECIAL APPROPRIATIONS - continued

	<u>Original Appropriation</u>	<u>End Date</u>	<u>Amount Received</u>	<u>Expenditures</u>	<u>Outstanding</u>	<u>Remaining</u>
Laws of 2009, Chapter 124, Section 6, Item 6, Aircraft Flights	\$ 200,000	6/30/2009	200,000	200,000	-	-
Laws of 2009, Chapter 124, Section 35, Item 15, Aviation Operation Support	\$ 790,300	6/30/2010	790,300	-	-	790,300
Laws of 2009, Chapter 124, Section 6, Item 7, Fiscal Year 2007 Audit	\$ 193,000	6/30/2009	193,000	192,856	-	144

10. OPERATING TRANSFERS

Transfers between funds for the year ended June 30, 2009 are as follows:

		<u>17400</u>	<u>86300</u>	<u>64100</u>
		<u>General Fund</u>	<u>Capital Buildings Repair Fund</u>	<u>Laws of 2006</u>
Transfers In:				
Governmental Funds:				
12500	Capital Projects Admin Cost	\$ -	(10,595)	(70,442)
28700	Public Building Repair	-	-	-
28500	DOH Facilities Tobacco Tax	-	-	-
64100	Laws of 2006	-	-	-
78500	Capital Project Property Control Reserve	-	-	-
86300	Capital Buildings Repair Fund	-	-	-
17400	General Fund	<u>-</u>	<u>-</u>	<u>-</u>
		-	(10,595)	(70,442)
Enterprise Funds:				
35200	Risk Management Operating	-	-	-
41700	State Aircraft Bureau	-	-	(2,000,000)
19700	Administrative Services Division	<u>(158,600)</u>	<u>-</u>	<u>-</u>
Total Out		\$ <u>(158,600)</u>	<u>(10,595)</u>	<u>(2,070,442)</u>
Net Transfers In (Out)		\$ <u>(158,600)</u>	<u>(10,595)</u>	<u>(2,070,442)</u>

10. OPERATING TRANSFERS - continued

		35900	36500	75200
		<u>Workman's Compensation</u>	<u>State Transportation Pool</u>	<u>Group Insurance Premium Stabilization</u>
Transfers In:				
Governmental Funds:				
12500	Capital Projects Admin Cost	\$ -	-	-
28700	Public Building Repair	-	-	-
28500	DOH Facilities Tobacco Tax	-	-	-
64100	Laws of 2006	-	-	-
78500	Capital Project Property Control Reserve	-	-	-
86300	Capital Buildings Repair Fund	-	-	-
17400	General Fund	<u>-</u>	<u>-</u>	<u>-</u>
		-	-	-
Enterprise Funds:				
35200	Risk Management Operating	(1,030,400)	-	(1,423,364)
41700	State Aircraft Bureau	-	-	-
19700	Administrative Services Division	<u>-</u>	<u>(342,500)</u>	<u>(764,636)</u>
Total Out		\$ <u>(1,030,400)</u>	<u>(342,500)</u>	<u>(2,188,000)</u>
Net Transfers In (Out)		\$ <u>(1,030,400)</u>	<u>(342,500)</u>	<u>(2,188,000)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

10. OPERATING TRANSFERS - continued

		Transfers Out		
		Enterprise Funds		
		35800	35600	
		Risk	Risk	
		Management -	Management -	
		Surety Bond	Public Property	
			Res.	Total In
Transfers In:				
Governmental Funds:				
12500	Capital Projects Admin Cost	\$ -	-	(194,207)
28700	Public Building Repair	-	-	(2,158)
28500	DOH Facilities Tobacco Tax	-	-	-
64100	Laws of 2006	-	-	-
78500	Capital Project Property Control Reserve	-	-	-
86300	Capital Buildings Repair Fund	-	-	-
17400	General Fund	-	-	-
		-	-	(196,365)
Enterprise Funds:				
35200	Risk Management Operating	(38,100)	(671,700)	(8,259,215)
41700	State Aircraft Bureau	-	-	(2,000,000)
19700	Administrative Services Division	-	-	(4,112,585)
Total Out		\$ (38,100)	(671,700)	(14,568,165)
Net Transfers In (Out)		\$ (38,100)	(671,700)	-

10. OPERATING TRANSFERS - continued

Transfers from (to) other state agencies for the year ended June 30, 2009 are as follows:

State Agency	Agency Fund Number	Laws of 2006	General Fund
Dept. of Finance & Administration	34100	\$ (495,000)	77,500
Taxation & Revenue Dept.	33300	-	-
New Mexico Finance Authority	38500	-	-
Legislative Council Service	11100	-	-
Dept. of Public Safety	79000	1,499,239	-
Dept. of Information Technology	36100	-	-
Public Education Dept.	92400	<u>361,186</u>	<u>-</u>
		<u>\$ 1,365,425</u>	<u>77,500</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

Governmental Funds					
28500	12500	86300	28700	78500	
DOH Facilities Tobacco Tax	Capital Projects Admin. Fund	Capital Projects Repair Fund	Public Building Repair	Property Control Reserve	Governmental Funds Subtotal
-	-	-	94,963	-	(322,537)
-	5,000	-	-	-	5,000
343,550	-	5,071,026	-	144,737	5,559,313
-	-	(107,379)	-	-	(107,379)
-	7,500	-	-	-	1,506,739
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,186</u>
<u>343,550</u>	<u>12,500</u>	<u>4,963,647</u>	<u>94,963</u>	<u>144,737</u>	<u>7,002,322</u>

10. OPERATING TRANSFERS - continued

State Agency	Agency Fund Number	21500 Employee Assistance Program	36200 Office of Information Processing
Dept. of Finance & Administration	34100	\$ -	-
Taxation & Revenue Dept.	33300	-	-
New Mexico Finance Authority	38500	-	-
Legislative Council Service	11100	-	-
Dept. of Public Safety	79000	-	-
Dept. of Information Technology	36100	-	131,285
Public Education Dept.	92400	-	-
		\$ -	131,285

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

Enterprise Funds					
36900	36600	38500	41700		
Office of Communciations	Digital Microwave	IISD Human Resources	State Aircraft Bureau	Enterprise Funds Subtotal	Total
-	-	-	(332,000)	(332,000)	(654,537)
-	-	-	-	-	5,000
-	-	-	-	-	5,559,313
-	-	-	-	-	(107,379)
-	-	-	-	-	1,506,739
126,289	(7,280,335)	57,582	-	(6,965,179)	(6,965,179)
-	-	-	<u>800,000</u>	<u>800,000</u>	<u>1,161,186</u>
<u>126,289</u>	<u>(7,280,335)</u>	<u>57,582</u>	<u>468,000</u>	<u>(6,497,179)</u>	<u>505,143</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

11. REVERSIONS

The Department had reversions listed in the operating statements for fiscal years as follows:

		<u>Year of Appropriation</u>		
36400	Laws of 2004	2009	\$	652,875
28700	Public Building Repair	2009		8,461
17400	General Fund	2009		387,804
64100	Laws of 2006	2009		<u>25,775,471</u>
	Total		\$	<u>26,824,611</u>

The reversions payable in the General Fund were obtained by calculating ending fund balances for all single year appropriations.

12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

• **Plan Description**

Substantially all of the Department's full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. A copy of that report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

• **Funding Policy**

Plan members are required to contribute 7.42% of their gross salary. The Department is required to contribute 16.59% of the gross covered salary. From the 2009 legislative session House Bill 854 temporarily shifts the burden of 1.5% of employer PERA contributions to state employees whose annual salaries exceed \$20,000. For the two-year period from July 1, 2009 to June 30, 2011, the employer contribution rates will be reduced by 1.5% and the employee contribution rates will be increased by 1.5%. After this temporary shift the burden will return to the employer. The contribution requirements of plan members and the Department are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the years ending June 30, 2009, 2008 and 2007 were \$2,227,726, \$2,681,959 and \$4,446,211, respectively, which equal the amount of the required contribution for each fiscal year.

13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

• **Plan Description**

The Department contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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 RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

• **Funding Policy**

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

**13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN -
continued**

• **Plan Description - continued**

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Department's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$165,681, \$149,284 and \$238,700, respectively, which equal the required contributions for each year.

14. COMMITMENTS AND CONTINGENCIES

• **Litigation**

The Department 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 Department, if any, is not likely to be material to the Department's financial statements.

In addition, the Risk Management Division is named as defendant in several lawsuits or complaints. The cases outstanding at June 30, 2009, have been included in the actuary's determination of "claims payable."

• **Federal Funds**

The Department 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 Department believes that such disallowances or other noncompliance findings, if any, would not be material to the Department's financial position. The Department receives the majority of its funding from the United States Government, Federal Surplus Property.

• **Risk Management**

The Department is exposed to various risks of loss for which the Department carries insurance with the State of New Mexico Risk Management Division (an enterprise fund within the Department). 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	Short-term and Long-term Disability
Law Enforcement	Medical Malpractice

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

14. COMMITMENTS AND CONTINGENCIES - continued

• **New Mexico Finance Authority Issuance of Bonds**

With Chapters 199 and 166, Senate Bills 214 and 182, of the Laws of 2001, the Legislature approved the New Mexico Finance Authority to issue and sell revenue bonds for acquiring state office buildings. The net proceeds from the state office building tax revenue bonds will be appropriated to the Property Control Division of the Department. The total may not exceed \$75,000,000.

15. TRANSFER OF ASSETS AND LIABILITIES

On July 1, 2007, New Mexico House Bill 959 became effective creating the Department of Information Technology (DOIT). In addition to the creation of DOIT, the bill also authorized the transfer of the following IT-related Department resources and liabilities to DOIT as of the effective date: personnel, appropriations, money, records, equipment, supplies and other property and contractual obligations of the communications division, information systems division, radio communications bureau and telecommunications bureau. As Department IT functions and their related resources have been transferred to another entity, Department revenues, expenses and assets have been effectively reduced on a go-forward basis from the effective transfer date. This transfer of assets and liabilities affected the following Department funds:

36200	Office of Information Processing
36600	Digital Microwave Fund
36900	Communications Division
38500	Human Resources System Fund

As of June 30, 2009, the above funds have been completely closed on the Department's books.

16. BUDGET VIOLATIONS

The Department did not maintain compliance with three fund's budgeted amounts. The Department had a total final budget variance within the following funds:

Fund	Category	Final Budget Expenditure Variance
19700 Administrative Services Division	Personnel Services/Benefits	\$ (41,384)
36500 State Transportation Pool	Personnel Services/Benefits	\$ (15,208)
36600 Digital Microwave	Other Uses	\$ (7,280,335)

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

17. FUND BALANCE/NET ASSET DEFICITS

The following funds had fund balance/net asset deficits at June 30, 2009:

Government Funds:		
30600 Laws of 2003	\$	153,420

The Department is in the process of researching this negative balance. They hope to correct the fund balance in the fiscal year ending June 30, 2010.

Enterprise Funds:		
35700 Public Liability	\$	33,364,075
35900 Worker's Compensation Retention	\$	26,581,690

Both the Public Liability and Worker's Compensation Retention funds are Risk Management funds that include claims liabilities (see Note 6, Insurance Claims Payable) based on future actuarial estimated losses from claims incurred that the affected funds would need to pay using June 30, 2009 net asset balances. Such reporting is required by GASB 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. The New Mexico Risk Management Advisory Board recommends maintaining the asset balances at a minimum of at least 50 percent of the actuarial estimated losses. While the Public Liability is above 50 percent soundness, the Department is working on increasing insurance premium fees to help make the Worker's Compensation Retention fund reach this level.

18. RESTATEMENTS

The restatements are disclosed in order to display the flow of financially activity that cannot be stated elsewhere.

Fund Balance – General Fund 17400: In the prior year, expenses were understated by \$149,842 due to an incorrect classification of a liability account in the Department's fiscal year ended June 30, 2008 financial statements; balances were corrected in the fiscal year ended June 30, 2009.

Beginning fund balances	\$	1,908,552
Restatement		<u>(149,842)</u>
Beginning fund balances, as restated	\$	<u>1,758,710</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

18. **RESTATEMENTS - continued**

Net Assets: Due to the above mentioned misstatement, net assets were overstated by \$149,842. The overstatement has been corrected in the current fiscal year:

Beginning net assets	\$ 411,005,233
Restatement	<u>(149,842)</u>
Beginning net assets, as restated	\$ <u>410,855,391</u>

SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund (Fund 17400) is used to account for all resources traditionally associated with governments that are not required to be accounted for in another fund. The General Fund includes the following:

- **Purchasing Division**
- **Property Control Division**
- **Building Services Division**

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT
Combining Balance Sheet - By Fund Type -
Non-Major Governmental Funds

AS OF JUNE 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
State General Fund Investment Pool at the State Treasurer's Office	\$ 6,943,432	17,296,632	24,240,064
Receivables:			
Severance tax bonds receivable	-	-	-
Interest receivable	-	401	401
Accounts/trade receivables	-	-	-
Due from other funds	117,819	28,866	146,685
Due from other agencies	-	-	-
Other assets	-	3,301	3,301
Inventories	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>7,061,251</u>	<u>17,329,200</u>	<u>24,390,451</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Bank overdraft	\$ -	153,420	153,420
Claims payable	-	-	-
Accounts payable	139,806	673,761	813,567
Deferred revenue	-	2,879,823	2,879,823
Accrued payroll	11,812	246	12,058
Due to other funds	166,703	-	166,703
Due to State General Fund	197,363	-	197,363
Due to other agencies	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	515,684	3,707,250	4,222,934
FUND BALANCE (DEFICIT):			
Reserved for encumbrances	-	-	-
Reserved for capital projects	-	13,621,950	13,621,950
Unreserved	<u>6,545,567</u>	<u>-</u>	<u>6,545,567</u>
TOTAL FUND BALANCES	<u>6,545,567</u>	<u>13,621,950</u>	<u>20,167,517</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>7,061,251</u>	<u>17,329,200</u>	<u>24,390,451</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type -
Non-Major Governmental Funds**

YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES:			
Service fees/premiums	\$ 307,644	1,211,352	1,518,996
Federal funds	-	-	-
Interest income	-	17,760	17,760
Capital projects appropriations	-	-	-
TOTAL REVENUES	307,644	1,229,112	1,536,756
EXPENDITURES:			
Current:			
Personnel services	239,354	-	239,354
Employee benefits	104,726	-	104,726
In-state travel	3,238	-	3,238
Out-of-state travel	-	-	-
Maintenance and repairs	50	67,317	67,367
Supplies	382	-	382
Contractual services	535,931	49,806	585,737
Operating costs	-	-	-
Other costs	127,006	-	127,006
Capital outlay	-	34,395,588	34,395,588
TOTAL EXPENDITURES	1,010,687	34,512,711	35,523,398
DEFICIENCY OF REVENUES OVER EXPENDITURES	(703,043)	(33,283,599)	(33,986,642)

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type -
Non-Major Governmental Funds - continued**

YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total
OTHER FINANCING SOURCES (USES):			
Severance tax bond proceeds	\$ -	33,960,343	33,960,343
Intra-agency transfer	196,365	(115,328)	81,037
Transfers:			
General appropriations	-	-	-
Reversions to State General Fund	(8,461)	(652,875)	(661,336)
Other state agency transfers	107,463	488,287	595,750
TOTAL OTHER FINANCING SOURCES (USES)	<u>295,367</u>	<u>33,680,427</u>	<u>33,975,794</u>
NET CHANGE IN FUND BALANCES	(407,676)	396,828	(10,848)
BEGINNING FUND BALANCES	6,953,243	13,225,122	20,178,365
RESTATEMENT	-	-	-
BEGINNING FUND BALANCES, as restated	<u>6,953,243</u>	<u>13,225,122</u>	<u>20,178,365</u>
ENDING FUND BALANCES	\$ <u>6,545,567</u>	<u>13,621,950</u>	<u>20,167,517</u>

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS:

- **Administrative Costs Fund**

The Administrative Costs Fund (Fund 12500, non-reverting FY04, Section 15-33-10 NMSA 1978) was created by the Laws of 2001, Chapter 319, for the purpose of accounting for Capital Projects overhead expenses. Transfers are made from Capital Projects to cover administrative costs of each project as expenses are incurred.

- **Purchasing Division Fees Fund**

The Purchasing Division Fees Fund (Fund 28600, non-reverting) was created by the Laws of 1984, Chapter 65 (13-1-104, NMSA 1978) for the purpose of accounting for the collection and expenditure of registration fees for qualified vendors submitting bids to provide the State of New Mexico with tangible items of personal property, construction or services. Fees collected are expended for the actual, direct cost of furnishing copies of a public notice or invitation for bids to the prospective bidders.

- **Public Buildings Repair Fund**

The Public Buildings Repair Fund (Fund 28700, non-reverting, Section 15-33-18 NMSA) was created by the Laws of 1996, Chapter 46, House bill 349 for the purpose of expenditure related to necessary repair, renovation and purchase of physical plant equipment for public buildings owned by the state and under the control of the Property Control Division. The fund shall consist of appropriations, building use fees, gifts, grants, donations and bequests.

- **Procurement Assistance Program Fund**

The Procurement Assistance Program Fund (Fund 58500, reverting and non-reverting, 13-1-185 NMSA 1978) was established as a separate fund in fiscal year 1999. The purpose of separating this activity from the General Fund activities of the State Purchasing Division is to simplify accounting and reporting for its revenues, which include both vendor fees and a federal grant.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Balance Sheet -
Non-Major Special Revenue Funds**

AS OF JUNE 30, 2009

	<u>12500</u>	<u>28600</u>	<u>28700</u>	<u>58500</u>	
	<u>Administrative</u>	<u>Purchasing</u>	<u>Public</u>	<u>Procurement</u>	<u>Total</u>
	<u>Costs</u>	<u>Division</u>	<u>Buildings</u>	<u>Assistance</u>	<u>Repair</u>
		<u>Fees</u>	<u>Repair</u>		
ASSETS:					
Investment in the State General Fund Investment Pool	\$ 1,614,433	225,519	4,957,174	146,306	6,943,432
Receivables:					
Interest receivable	-	-	-	-	-
Accounts/trade receivables	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-
Due from other funds	-	39,614	-	78,205	117,819
Due from other agencies	-	-	-	-	-
Other assets	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ <u>1,614,433</u>	<u>265,133</u>	<u>4,957,174</u>	<u>224,511</u>	<u>7,061,251</u>
LIABILITIES:					
Bank overdraft	\$ -	-	-	-	-
Claims payable	-	-	-	-	-
Accounts payable	137,785	587	1,434	-	139,806
Deferred revenue	-	-	-	-	-
Accrued payroll	-	11,812	-	-	11,812
Due to other funds	28,866	116,672	-	21,165	166,703
Due to State General Fund	-	-	-	197,363	197,363
Due to other agencies	-	-	-	-	-
TOTAL LIABILITIES	166,651	129,071	1,434	218,528	515,684
FUND BALANCES:					
Reserved for:					
Inventories	-	-	-	-	-
Encumbrances	-	-	-	-	-
Capital projects	-	-	-	-	-
Subsequent years' expenditures	-	-	-	-	-
Unreserved	<u>1,447,782</u>	<u>136,062</u>	<u>4,955,740</u>	<u>5,983</u>	<u>6,545,567</u>
TOTAL FUND BALANCES	<u>1,447,782</u>	<u>136,062</u>	<u>4,955,740</u>	<u>5,983</u>	<u>6,545,567</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,614,433</u>	<u>265,133</u>	<u>4,957,174</u>	<u>224,511</u>	<u>7,061,251</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Non-Major Special Revenue Funds

YEAR ENDED JUNE 30, 2009

	12500	28600	28700	58500	
	Administrative Costs	Purchasing Division Fees	Public Buildings Repair	Procurement Assistance	Total
REVENUES:					
Service fees/premiums	\$ 15,000	241,270	51,374	-	307,644
Federal funds	-	-	-	-	-
Interest income	-	-	-	-	-
Capital projects appropriations	-	-	-	-	-
TOTAL REVENUES	<u>15,000</u>	<u>241,270</u>	<u>51,374</u>	<u>-</u>	<u>307,644</u>
EXPENDITURES:					
Current expenditures:					
Personnel services	-	239,354	-	-	239,354
Employee benefits	-	104,726	-	-	104,726
In-state travel	2,430	808	-	-	3,238
Out-of-state travel	-	-	-	-	-
Maintenance and repairs	-	50	-	-	50
Supplies	260	122	-	-	382
Contractual services	535,931	-	-	-	535,931
Operating costs	-	-	-	-	-
Other costs	98,964	15,950	12,092	-	127,006
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>637,585</u>	<u>361,010</u>	<u>12,092</u>	<u>-</u>	<u>1,010,687</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(622,585)	(119,740)	39,282	-	(703,043)
OTHER FINANCING SOURCES (USES):					
Severance tax bond proceeds	-	-	-	-	-
Intra-agency transfer	194,207	-	2,158	-	196,365
Transfers:					
General and special appropriations	-	-	-	-	-
Reversions to State General Fund	-	-	(8,461)	-	(8,461)
Other state agency transfers	12,500	-	94,963	-	107,463
NET OTHER FINANCING (USES) SOURCES	<u>206,707</u>	<u>-</u>	<u>88,660</u>	<u>-</u>	<u>295,367</u>
NET CHANGE IN FUND BALANCES	(415,878)	(119,740)	127,942	-	(407,676)
BEGINNING FUND BALANCES	1,863,660	255,802	4,827,798	5,983	6,953,243
RESTATEMENT	-	-	-	-	-
BEGINNING FUND BALANCES, as restated	<u>1,863,660</u>	<u>255,802</u>	<u>4,827,798</u>	<u>5,983</u>	<u>6,953,243</u>
ENDING FUND BALANCES	\$ <u>1,447,782</u>	<u>136,062</u>	<u>4,955,740</u>	<u>5,983</u>	<u>6,545,567</u>

MAJOR AND NON-MAJOR FUNDS

CAPITAL PROJECTS FUNDS:

- **Capitol Buildings Repair Fund – Major Fund**

The Capitol Buildings Repair Fund (Fund 86300) was created by the Laws of 2001, Chapter 19, Section 17, to account for repairs, remodeling and equipping of capitol buildings and adjacent lands and to repair or replace building machinery and building equipment located in capitol buildings. Financing is provided through transfers from the State Land Office and the State Investment Council of all income, including earnings on investments, derived from lands granted to the State by the U.S. Congress for legislative, executive and judicial public buildings.

- **Property Control Reserve Fund**

The Property Control Reserve Fund (Fund 78500) was created by the Laws of 1998, Chapter 58 (15-3-24.2, NMSA 1978) for the purpose of providing a reserve account from which the Property Control Division can purchase or construct state office buildings. Such buildings are to be purchased or built to alleviate the State's reliance on leased offices in Santa Fe, New Mexico. Fund revenues consist mainly of proceeds from the sale of property under the division's control. Expenditures are subject to legislative appropriations and balances are non-reverting.

- **Capital Improvement Funds (Various)**

The Capital Improvement Funds are used to account for the acquisition, improvement, alteration or reconstruction of long-term assets, including gland, buildings, machinery, furniture and equipment. The Capital Improvement Funds are appropriated to the Property Control Division for capital out projects specified by the Legislature in accordance with State statutes. The primary sources of financing for Capital Projects and Capital Improvement Funds are provided through State General Fund appropriations, severance tax bond proceeds and general obligation bond proceeds.

The Capital Improvement Funds include the following:

64100	Laws of 2006 (Major Fund)
36400	Laws of 2004
28500	2004 Tobacco Tax: DOH Facilities
97000	Laws of 2005
30600	Laws of 2003
24900	Laws of 2002
76600	Laws of 2000
35500	Laws of 1999
72300	Laws of 1994

AS OF JUNE 30, 2009

	78500 Property Control Reserve	36400 Laws of 2004	28500 Tobacco Tax: DOH Facilities	97000 Laws of 2005	30600 Laws of 2003
ASSETS:					
Investment in the State General Fund Investment Pool	\$ 2,966,288	1,918,274	11,052,603	868,805	-
Receivables:					
Interest receivable	401	-	-	-	-
Accounts/trade receivables	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other agencies	-	-	-	-	-
Other assets	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 2,966,689	1,918,274	11,052,603	868,805	-
LIABILITIES:					
Bank overdraft	\$ -	-	-	-	153,420
Claims Payable	-	-	-	-	-
Accounts payable	-	155,968	506,489	-	-
Deferred revenue	-	1,762,306	-	868,805	-
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Due to other agencies	-	-	-	-	-
TOTAL LIABILITIES	-	1,918,274	506,489	868,805	153,420
FUND BALANCES:					
Reserved for:					
Capital projects	2,966,689	-	10,546,114	-	(153,420)
TOTAL FUND BALANCES	2,966,689	-	10,546,114	-	(153,420)
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,966,689	1,918,274	11,052,603	868,805	-

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Balance Sheet -
Non-Major Capital Projects Funds**

24900	76600	35500	72300	
Laws of 2002	Laws of 2000	Laws of 1999	Laws of 1994	Total
469,953	262	20,201	246	17,296,632
-	-	-	-	401
-	-	-	-	-
28,866	-	-	-	28,866
-	-	-	-	-
-	-	3,301	-	3,301
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>498,819</u>	<u>262</u>	<u>23,502</u>	<u>246</u>	<u>17,329,200</u>
-	-	-	-	153,420
-	-	-	-	-
11,304	-	-	-	673,761
248,450	262	-	-	2,879,823
-	-	-	246	246
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>259,754</u>	<u>262</u>	<u>-</u>	<u>246</u>	<u>3,707,250</u>
<u>239,065</u>	<u>-</u>	<u>23,502</u>	<u>-</u>	<u>13,621,950</u>
<u>239,065</u>	<u>-</u>	<u>23,502</u>	<u>-</u>	<u>13,621,950</u>
<u>498,819</u>	<u>262</u>	<u>23,502</u>	<u>246</u>	<u>17,329,200</u>

YEAR ENDED JUNE 30, 2009

	78500 Property Control Reserve	36400 Laws of 2004	28500 Tobacco Tax: DOH Facilities	97000 Laws of 2005
REVENUES:				
Service fees/premiums	\$ 902,498	-	-	-
Federal funds	-	-	-	-
Interest income	17,760	-	-	-
Capital project appropriations	-	-	-	-
TOTAL REVENUES	<u>920,258</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance & repairs	-	25,796	-	6,884
Supplies	-	-	-	-
Contractual services	-	-	-	49,806
Operating costs	-	-	-	-
Other costs	-	-	-	-
Capital outlay	<u>577,134</u>	<u>1,801,150</u>	<u>15,349,579</u>	<u>16,087,468</u>
TOTAL EXPENDITURES	<u>577,134</u>	<u>1,826,946</u>	<u>15,349,579</u>	<u>16,144,158</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	343,124	(1,826,946)	(15,349,579)	(16,144,158)
OTHER FINANCING SOURCES (USES):				
Severance tax bond proceeds	291,462	2,481,979	14,281,691	16,144,158
Intra-agency transfers	(100,275)	(2,158)	(12,895)	-
Transfers:				
General appropriations	-	-	-	-
Reversions to State General Fund	-	(652,875)	-	-
Other State agency transfers	<u>144,737</u>	<u>-</u>	<u>343,550</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>335,924</u>	<u>1,826,946</u>	<u>14,612,346</u>	<u>16,144,158</u>
NET CHANGE IN FUND BALANCES	679,048	-	(737,233)	-
BEGINNING FUND BALANCES	2,287,641	-	11,283,347	-
RESTATEMENT	-	-	-	-
BEGINNING FUND BALANCES, as restated	<u>2,287,641</u>	<u>-</u>	<u>11,283,347</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 2,966,689</u>	<u>-</u>	<u>10,546,114</u>	<u>-</u>

See Independent Auditors' Report.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Non-Major Capital Projects Funds

30600	24900	76600	35500	72300	
Laws of 2003	Laws of 2002	Laws of 2000	Laws of 1999	Laws of 1994	Total
-	308,854	-	-	-	1,211,352
-	-	-	-	-	-
-	-	-	-	-	17,760
-	-	-	-	-	-
-	<u>308,854</u>	-	-	-	<u>1,229,112</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33,175	1,462	-	-	-	67,317
-	-	-	-	-	-
-	-	-	-	-	49,806
-	-	-	-	-	-
-	-	-	-	-	-
<u>391,437</u>	<u>163,255</u>	-	<u>25,565</u>	-	<u>34,395,588</u>
<u>424,612</u>	<u>164,717</u>	-	<u>25,565</u>	-	<u>34,512,711</u>
(424,612)	144,137	-	(25,565)	-	(33,283,599)
404,912	94,928	49,330	211,883	-	33,960,343
-	-	-	-	-	(115,328)
-	-	-	-	-	-
-	-	-	-	-	(652,875)
-	-	-	-	-	<u>488,287</u>
<u>404,912</u>	<u>94,928</u>	<u>49,330</u>	<u>211,883</u>	-	<u>33,680,427</u>
(19,700)	239,065	49,330	186,318	-	396,828
(133,720)	-	(49,330)	(162,816)	-	13,225,122
-	-	-	-	-	-
<u>(133,720)</u>	-	<u>(49,330)</u>	<u>(162,816)</u>	-	<u>13,225,122</u>
<u>(153,420)</u>	<u>239,065</u>	-	<u>23,502</u>	-	<u>13,621,950</u>

See Independent Auditors' Report.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Non-Major Special Revenue Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	ADMINISTRATIVE COSTS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	15,000	15,000
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>1,002,300</u>	<u>1,002,300</u>	<u>206,707</u>	<u>(795,593)</u>
Total revenue	1,002,300	1,002,300	<u>221,707</u>	<u>(780,593)</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>1,002,300</u>	<u>1,002,300</u>		
EXPENDITURES - current:				
Personnel services and employee benefits	\$ -	-	-	-
Contractual services	550,000	550,000	535,931	14,069
Other costs	126,500	126,500	101,654	24,846
Other uses	<u>325,800</u>	<u>325,800</u>	<u>-</u>	<u>325,800</u>
TOTAL EXPENDITURES	\$ <u>1,002,300</u>	<u>1,002,300</u>	<u>637,585</u>	<u>364,715</u>
NET CHANGE IN FUND BALANCE			<u>(415,878)</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Non-Major Special Revenue Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	PURCHASING DIVISION FEES			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Service fees	\$ 458,700	458,700	241,270	(217,430)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>7,200</u>	<u>7,200</u>	-	<u>(7,200)</u>
Total revenue	465,900	465,900	<u>241,270</u>	<u>(224,630)</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE BUDGETED	\$ <u>465,900</u>	<u>465,900</u>		
EXPENDITURES - current:				
Personal services and employee benefits	\$ 365,000	365,000	344,080	20,920
Contractual services	-	-	-	-
Other	84,700	84,700	16,930	67,770
Other financing uses	<u>16,200</u>	<u>16,200</u>	-	<u>16,200</u>
TOTAL EXPENDITURES	\$ <u>465,900</u>	<u>465,900</u>	<u>361,010</u>	<u>104,890</u>
NET CHANGE IN FUND BALANCE			<u>(119,740)</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Non-Major Special Revenue Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	PUBLIC BUILDINGS REPAIR			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	51,374	51,374
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>3,500,000</u>	<u>3,500,000</u>	<u>97,121</u>	<u>(3,402,879)</u>
Total revenue	3,500,000	3,500,000	148,495	<u>(3,351,505)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>3,500,000</u>	<u>3,500,000</u>		
EXPENDITURES - current:				
Personnel services and employee benefits	\$ -	-	-	-
Other costs	3,500,000	3,500,000	12,092	3,487,908
Other uses	-	-	-	-
TOTAL EXPENDITURES	\$ <u>3,500,000</u>	<u>3,500,000</u>	12,092	<u>3,487,908</u>
NON-BUDGETED RECONCILING ITEMS				
Reversions to State General Fund			<u>(8,461)</u>	
NET CHANGE IN FUND BALANCE			\$ <u>127,942</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Non-Major Special Revenue Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

PROCUREMENT ASSISTANCE PROGRAM

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	-----	-----	-----	-----
Total revenue	-	-	-----	-----
Cash balance	-----	-----		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ -----	-----		
EXPENDITURES - current:				
Personnel services and employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
	-----	-----	-----	-----
TOTAL EXPENDITURES	\$ -----	-----	-----	-----

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

PROPERTY CONTROL RESERVE FUND				
	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Budgetary Basis)	Life-to-Date Actual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES:				
Service fees	\$ -	902,498	902,498	902,498
Severance tax bond proceeds	-	291,462	291,462	291,462
Appropriations	-	-	-	-
Interest	-	17,760	17,760	17,760
Other revenues	6,685,000	-	-	(6,685,000)
Other financing sources	<u>26,500,000</u>	<u>144,737</u>	<u>347,825</u>	<u>(26,152,175)</u>
Total revenue	33,185,000	1,356,457	<u>1,559,545</u>	<u>(31,625,455)</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>33,185,000</u>	<u>1,356,457</u>		
EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	25,000	-	-	-
Other	33,032,725	577,134	780,222	-
Other financing uses	<u>127,275</u>	<u>100,275</u>	<u>100,275</u>	<u>-</u>
TOTAL EXPENDITURES	\$ <u>33,185,000</u>	<u>677,409</u>	<u>880,497</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE		\$ <u>679,048</u>		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	LAWS OF 2004			
	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Budgetary Basis)	Life-to-Date Actual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES:				
Service fees	\$ -	-	-	-
Severance tax bond proceeds	10,806,786	2,481,979	2,711,223	(8,095,563)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	10,806,786	2,481,979	<u>2,711,223</u>	<u>(8,095,563)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>10,806,786</u>	<u>2,481,979</u>		
EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	9,943,753	1,826,946	2,032,819	7,910,934
Other financing uses	<u>863,033</u>	<u>2,158</u>	-	<u>863,033</u>
TOTAL EXPENDITURES	\$ <u>10,806,786</u>	<u>1,829,104</u>	<u>2,032,819</u>	<u>8,773,967</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER EXPENDITURES AND OTHER FUNDING SOURCES (USES)		652,875		
NON-BUDGETED RECONCILING ITEMS				
Reversions to State General Fund		<u>(652,875)</u>		
NET CHANGE IN FUND BALANCE		\$ <u>-</u>		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	TOBACCO TAX: DOH FACILITIES			
	<u>Life-to-Date Budgeted Amounts</u>	<u>FY09 Actual Amounts (Budgetary Basis)</u>	<u>Life-to-Date Actual Amounts (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
REVENUES:				
Service fees	\$ -	-	-	-
Severance tax bond proceeds	37,719,556	14,281,691	14,281,691	(23,437,865)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>-</u>	<u>343,550</u>	<u>343,550</u>	<u>343,550</u>
Total revenue	37,719,556	14,625,241	<u>14,625,241</u>	<u>(23,094,315)</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>37,719,556</u>	<u>14,625,241</u>		
EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	37,267,889	15,349,579	15,349,579	21,918,310
Other financing uses	<u>451,667</u>	<u>12,895</u>	<u>12,895</u>	<u>438,772</u>
TOTAL EXPENDITURES	\$ <u>37,719,556</u>	<u>15,362,474</u>	<u>15,362,474</u>	<u>22,357,082</u>
NET CHANGE IN FUND BALANCE		\$ <u>(737,233)</u>		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	LAWS OF 2005			
	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Budgetary Basis)	Life-to-Date Actual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES:				
Service fees	\$ -	-	-	-
Severance tax bond proceeds	23,400,000	16,144,158	16,147,458	(7,252,542)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	23,400,000	16,144,158	16,147,458	(7,252,542)
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ 23,400,000	16,144,158		
EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	100,000	49,806	49,806	50,194
Other	22,783,058	16,094,352	16,097,652	6,685,406
Other financing uses	516,942	-	-	516,942
TOTAL EXPENDITURES	\$ 23,400,000	16,144,158	16,147,458	7,252,542
NET CHANGE IN FUND BALANCE		\$ -		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

LAWS OF 2003

	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Budgetary Basis)	Life-to-Date Actual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES:				
Service fees	\$ -	-	-	-
Severance tax bond proceeds	1,609,769	404,912	430,408	(1,179,361)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
 Total revenue	 1,609,769	 404,912	 <u>430,408</u>	 <u>(1,179,361)</u>
 Fund balance	 -	 -		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	 \$ <u>1,609,769</u>	 <u>404,912</u>		
 EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	1,583,973	424,612	450,108	1,133,865
Other financing uses	<u>25,796</u>	-	-	<u>25,796</u>
 TOTAL EXPENDITURES	 \$ <u>1,609,769</u>	 <u>424,612</u>	 <u>450,108</u>	 <u>1,159,661</u>
 NET CHANGE IN FUND BALANCE		 \$ <u>(19,700)</u>		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	LAWS OF 2002			
	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Budgetary Basis)	Life-to-Date Actual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES:				
Service fees	\$ -	308,854	308,854	308,854
Severance tax bond proceeds	6,770,634	94,928	363,258	(6,407,376)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	6,770,634	403,782	672,112	(6,098,522)
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ 6,770,634	403,782		
EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	50,000	-	-	50,000
Other	6,575,634	164,717	433,047	6,142,587
Other financing uses	145,000	-	-	145,000
TOTAL EXPENDITURES	\$ 6,770,634	164,717	433,047	6,337,587
NET CHANGE IN FUND BALANCE		\$ 239,065		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	LAWS OF 2000			
	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Budgetary Basis)	Life-to-Date Actual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES:				
Service fees	\$ -	-	-	-
Severance tax bond proceeds	-	49,330	49,330	49,330
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	-	49,330	<u>49,330</u>	<u>49,330</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ -	<u>49,330</u>		
EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ -	-	-	-
 NET CHANGE IN FUND BALANCE		\$ <u>49,330</u>		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	LAWS OF 1999			
	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Budgetary Basis)	Life-to-Date Actual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES:				
Service fees	\$ -	-	-	-
Severance tax bond proceeds	1,000,000	211,883	407,224	(592,776)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	1,000,000	211,883	407,224	(592,776)
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ 1,000,000	211,883		
EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	978,000	25,565	220,906	757,094
Other financing uses	22,000	-	-	22,000
TOTAL EXPENDITURES	\$ 1,000,000	25,565	220,906	779,094
 NET CHANGE IN FUND BALANCE		\$ 186,318		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

	LAWS OF 1994			
	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Budgetary Basis)	Life-to-Date Actual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES:				
Service fees	\$ -	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	-	-	-	-
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ -	-		
EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ -	-	-	-
 NET CHANGE IN FUND BALANCE		\$ -		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Project Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

CAPITAL BUILDING REPAIR FUND

	<u>Life-to-Date Budgeted Amounts</u>	<u>FY09 Actual Amounts (Budgetary Basis)</u>	<u>Life-to-Date Actual Amounts (Budgetary Basis)</u>	<u>Variance Over (Under)</u>
REVENUES:				
Service fees	\$ -	680,575	680,575	680,575
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	109,698	109,698	109,698
Other revenues	-	-	-	-
Other financing sources	<u>11,014,575</u>	<u>4,963,647</u>	<u>4,963,647</u>	<u>(6,050,928)</u>
Total revenue	11,014,575	5,753,920	<u>5,753,920</u>	<u>(5,260,655)</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>11,014,575</u>	<u>5,753,920</u>		
EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	10,926,870	4,507,614	5,768,236	5,158,634
Other financing uses	<u>87,705</u>	<u>10,595</u>	<u>10,595</u>	<u>77,110</u>
TOTAL EXPENDITURES	\$ <u>11,014,575</u>	<u>4,518,209</u>	<u>5,778,831</u>	<u>5,235,744</u>
NET CHANGE IN FUND BALANCE		\$ <u>1,235,711</u>		

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)**

YEAR ENDED JUNE 30, 2009

	LAWS OF 2006			
	Life-to-Date Budgeted Amounts	FY09 Actual Amounts (Budgetary Basis)	Life-to-Date Actual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES:				
Service fees	\$ -	-	-	-
Severance tax bond proceeds	31,246,000	31,887,244	31,973,764	(727,764)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>15,000,000</u>	<u>1,365,425</u>	<u>1,365,425</u>	<u>13,634,575</u>
Total revenue	46,246,000	33,252,669	<u>33,339,189</u>	<u>12,906,811</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>46,246,000</u>	<u>33,252,669</u>		
EXPENDITURES - current:				
Personnel services/benefits	\$ -	-	-	-
Contractual services	220,000	-	-	220,000
Other	48,416,463	44,522,912	44,609,432	3,807,031
Other financing uses	<u>4,592,480</u>	<u>2,070,442</u>	<u>2,070,442</u>	<u>2,522,038</u>
TOTAL EXPENDITURES	\$ <u>53,228,943</u>	<u>46,593,354</u>	<u>46,679,874</u>	<u>6,549,069</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER EXPENDITURES AND OTHER FUNDING SOURCES (USES))		\$ (13,340,685)		
NON-BUDGETED RECONCILING ITEMS				
Reversions to State General Fund		<u>(25,775,471)</u>		
NET CHANGE IN FUND BALANCE		\$ <u>(39,116,156)</u>		

MAJOR AND NON-MAJOR FUNDS

ENTERPRISE FUNDS:

Administrative Services Division and Office of the Secretary

The Administrative Services Division and Office of the Secretary (Fund 19700, non-reverting) provides program support for the Department. Both Divisions were separated from the General Fund in fiscal year 2002. The Office of the Secretary is responsible to the Governor for the operations of the Department. It is his duty to manage all operations of the Department and to administer and enforce the laws with which he or the Department is charged. The Administrative Services Division provides financial, purchasing, budget and personnel-related services for its parent agency, the General Services Department.

Transportation Services Division

- **State Transportation Pool** (Major Fund 36500, non-reverting, Chapter 15, Article 8, NMSA 1978) provides transportation for all state agencies in the Santa Fe and Albuquerque, New Mexico areas.
- **Surplus Property Bureau** (Fund 36000, non-reverting, Section 15-4-3 NMSA 1978) administers federal and state surplus property. The surplus property is sold to qualified organizations at a discounted fee prescribed by the United States General Services Administration.
- **State Aircraft Pool** (Fund 41700, non-reverting, Aviation Services Fund, Section 15-9-4.1 NMSA 1978) provides transportation services via the State aircraft to all governmental entities.

Information Systems Division (ISD)

- **Office of Information Processing (OIP)** (Fund 36200, non-reverting) provides automated data processing services for State agencies and other local and federal governmental units. ISD was designated as the division to lead the State's IT consolidation initiative.
- **Human Resources System Fund** (Fund 38500, non-reverting) accounts for the costs of operating the Human Resource System. The Information Systems Division provides professional technical services, and the operation is administered jointly by the Department of Finance and Administration and the State Personnel Office. The costs are recovered through assessments, based on a per-employee cost, to all agencies subject to their oversight.

MAJOR AND NON-MAJOR FUNDS

ENTERPRISE FUNDS - continued:

Communications Division

- **Communications Division** (Fund 36900, non-reverting) is responsible for designing, establishing and maintaining voice and data telecommunication systems for New Mexico State Government. The services are also available to other governmental entities. The Radio Communications Bureau, which has been combined with the Telecom Bureau under the Communications Division, provides radio communications expertise to state, county and municipal entities.
- **The Digital Microwave Fund** (Fund 36600, non-reverting FY04, Section 15-38-16 NMSA 1978) is used to account for the appropriations received by the Communications Division for the purpose of developing and implementing the State's digital communications network.
- **State Printing** (Fund 80600, non-reverting) is responsible for all large printing work for the State Government agencies.

Risk Management Division

- **Public Liability** (Major Fund 35700, non-reverting, Section 15-7-2 NMSA 1978) provides for liability insurance for State agencies and their employees and for any local public body participating in this fund and pays claims and judgments against governmental entities or their employees covered by a certificate of coverage. Financing is provided through collections and transfers from governmental entities and interest on invested funds. This is a major fund.
- **Workers' Compensation Retention** (Major Fund 35900, non-reverting, Section 15-7-6 NMSA 1978) accounts for the purchase and administration of workers' compensation insurance and provides appropriate reserves for workers' compensation coverage for employees of the State agencies. Financing is provided through the collection and transfer of funds from State agencies for workers' compensation, and from interest earned on investments.
- **Group Insurance Premium Stabilization** (Major Fund 75200, non-reverting, Section 15-7-2C NMSA 1978) is used to account for premiums collected under the Consolidated Omnibus Budget Reconciliation Act (COBRA) from former employees of the Department who have elected to continue their health insurance coverage with the Department's carrier, and for retiree participation in the group insurance plans.

This fund is also used to account for money appropriated, employers' contributions, employees' contributions, insurance proceeds and other income from group life, vision care, dental care, health and disability insurance plans.

- **Risk Management Operating Account** (Fund 35200, non-reverting) serves as an enterprise fund to the other Risk Funds within the Risk Management Division. The Operating Account assesses an

MAJOR AND NON-MAJOR FUNDS

ENTERPRISE FUNDS - *continued*:

Risk Management Division - *continued*

- **Risk Management Operating Account - *continued*** administrative fee to the Risk Funds and is reflected in income. The Risk Funds report the assessment as part of expenses within each Risk Fund.
- **State Unemployment Compensation Reserve** (Fund 35300, non-reverting, Section 15-7-2 NMSA 1978) accounts for the administration of all contributions collected and payments made to beneficiaries pursuant to the Unemployment Compensation Law. The fund is self-insured and financing is provided through billings to State government agencies and interest on invested funds.
- **Local Public Body (LPB) Unemployment Compensation** (Fund 35400, non-reverting, Section 15-7-2 NMSA 1978) accounts for the administration of unemployment compensation benefits paid to public employees of local public bodies of the State of New Mexico who have agreed to participate in the fund activity. Financing is provided through assessments made to local public bodies pursuant to the rate schedule prescribed by the Risk Management Division and interest on invested funds.
- **Surety Bond** (Fund 35800, non-reverting, Section 15-7-2 NMSA 1978) accounts for surety bond coverage of all or any portion of the surety bond risk of State agencies covered by a surety bond certificate of coverage issued by the Department. Financing is provided through the collection or transfer of funds from each State agency to cover costs of coverage of employees of that agency, and from interest earned on investments.
- **Employee Assistance Program** (Fund 21500, non-reverting, Section 15-7-2C NMSA 1978) was created under the authority of the Risk Management Division to establish and administer group benefit plans (10-7B-6 through 10-7B-7 NMSA 1978). The purpose of the fund is to account for the collection of premiums from payroll benefit withholding and payments to the service provider.
- **Public Property Reserve** (Fund 35600, non-reverting, Section 15-7-2 NMSA 1978) accounts for the purchase and administration of property insurance and the payment of any claim covered by a certificate of coverage, used by the Risk Management Division. Financing is provided through assessments to State agencies. Interest on invested funds is retained in the State of New Mexico General Fund.

Rates of the Risk Management Division are based upon the costs of insurance coverage purchased from third-party carriers or the direct cost of coverage for any risk not insured. Rates are also weighted to reflect the respective risk of each agency.

AS OF JUNE 30, 2009

	19700 Administration Services Division	36000 Surplus Property Bureau	41700 State Aircraft Pool	36200 Office of Information Processing
ASSETS:				
CURRENT ASSETS:				
Investment in the State General Fund Investment Pool	\$ 3,086,781	40,170	92,999	-
Receivables:				
Interest receivable	-	-	-	-
Accounts/trade receivables	5,812	32,810	137,122	-
Allowance for doubtful accounts	(1,235)	(2,072)	(35,166)	-
Due from other funds	23,778	16,972	4,765	-
Due from other agencies	-	-	-	-
Loan	-	-	-	-
Other Assets	-	966	-	-
Inventories	<u>10,668</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	3,125,804	88,846	199,720	-
NON-CURRENT ASSETS:				
Capital assets	60,209	119,613	9,674,796	-
Accumulated depreciation	<u>(59,911)</u>	<u>(94,049)</u>	<u>(4,924,701)</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS	<u>298</u>	<u>25,564</u>	<u>4,750,095</u>	<u>-</u>
TOTAL ASSETS	\$ <u>3,126,102</u>	<u>114,410</u>	<u>4,949,815</u>	<u>-</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Net Assets -
Non-Major Enterprise Funds**

<u>38500 Human Resources System</u>	<u>36900 Communications Division</u>	<u>36600 Digital Microwave</u>	<u>80600 State Printing</u>	<u>35200 Risk Management Operating</u>	<u>35300 State Unemployment Compensation</u>
-	-	-	124,100	900,716	4,730,527
-	-	-	-	-	891
-	-	-	154,243	-	912,623
-	-	-	(25,269)	-	(912,623)
-	-	-	7,348	302,881	37,121
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	5,611	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>336,104</u>	<u>-</u>	<u>-</u>
-	-	-	596,526	1,209,208	4,768,539
-	-	-	1,463,974	165,677	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,380,518)</u>	<u>(156,999)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>83,456</u>	<u>8,678</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>679,982</u>	<u>1,217,886</u>	<u>4,768,539</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Net Assets -
Non-Major Enterprise Funds - continued

AS OF JUNE 30, 2009

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
ASSETS:					
CURRENT ASSETS:					
Investment in the State General Fund Investment Pool	\$ 3,206,619	1,143,437	673,342	12,425,204	26,423,895
Receivables:					
Interest receivable	566	196	-	2,210	3,863
Accounts/trade receivables	110,154	253,009	-	70,734	1,676,507
Allowance for doubtful accounts	(110,154)	(253,009)	-	(70,734)	(1,410,262)
Due from (to) other funds	-	-	-	-	392,865
Due from other agencies	-	-	-	-	-
Loan	-	-	-	-	-
Other assets	-	-	-	-	6,577
Inventories	-	-	-	-	346,772
TOTAL CURRENT ASSETS	3,207,185	1,143,633	673,342	12,427,414	27,440,217
NON-CURRENT ASSETS:					
Capital assets	-	-	-	-	11,484,269
Accumulated depreciation	-	-	-	-	(6,616,178)
TOTAL NON-CURRENT ASSETS	-	-	-	-	4,868,091
TOTAL ASSETS	\$ 3,207,185	1,143,633	673,342	12,427,414	32,308,308

AS OF JUNE 30, 2009

	19700 Administration Services Division	36000 Surplus Property Bureau	41700 State Aircraft Pool	36200 Office of Information Processing
LIABILITIES AND NET ASSETS:				
LIABILITIES:				
CURRENT LIABILITIES:				
Bank overdraft	\$ -	-	-	-
Claims payable	-	-	-	-
Accounts payable	130,348	36,450	73,422	-
Deferred revenue	-	-	-	-
Accrued payroll	111,957	19,065	15,229	-
Due to other funds	182,858	-	250,873	-
Loan payable	-	-	-	-
Due to other agencies	-	-	-	-
Capital leases payable	-	-	-	-
Accrued compensated absences	<u>136,749</u>	<u>18,544</u>	<u>38,708</u>	-
TOTAL CURRENT LIABILITIES	561,912	74,059	378,232	-
LONG-TERM DEBT:				
Claims payable	-	-	-	-
Compensated absences payable	<u>11,890</u>	<u>1,612</u>	<u>3,365</u>	-
TOTAL LONG-TERM DEBT	<u>11,890</u>	<u>1,612</u>	<u>3,365</u>	-
TOTAL LIABILITIES	573,802	75,671	381,597	-
NET ASSETS:				
Invested in capital assets, net of related debt	298	25,564	4,750,095	-
Restricted for insurance/claims	-	-	-	-
Unrestricted	<u>2,552,002</u>	<u>13,175</u>	<u>(181,877)</u>	-
TOTAL NET ASSETS	<u>2,552,300</u>	<u>38,739</u>	<u>4,568,218</u>	-
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,126,102</u>	<u>114,410</u>	<u>4,949,815</u>	-

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Net Assets -
Non-Major Enterprise Funds - continued**

<u>38500 Human Resources System</u>	<u>36900 Communications Division</u>	<u>36600 Digital Microwave</u>	<u>80600 State Printing</u>	<u>35200 Risk Management Operating</u>	<u>35300 State Unemployment Compensation</u>
-	-	-	-	-	-
-	-	-	-	-	3,930,981
-	-	-	33,621	324,683	-
-	-	-	-	-	-
-	-	-	31,006	141,715	2,306
-	-	-	7,567	1,756	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	<u>29,814</u>	<u>183,155</u>	-
-	-	-	102,008	651,309	3,933,287
-	-	-	-	-	516,742
-	-	-	<u>2,590</u>	<u>15,926</u>	-
-	-	-	<u>2,590</u>	<u>15,926</u>	-
-	-	-	104,598	667,235	4,450,029
-	-	-	83,456	8,678	-
-	-	-	-	-	4,447,723
-	-	-	<u>491,928</u>	<u>541,973</u>	<u>(4,129,213)</u>
-	-	-	<u>575,384</u>	<u>550,651</u>	<u>318,510</u>
-	-	-	<u>679,982</u>	<u>1,217,886</u>	<u>4,768,539</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Net Assets -
Non-Major Enterprise Funds - continued

AS OF JUNE 30, 2009

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	<u>Total</u>
LIABILITIES AND NET ASSETS:					
LIABILITIES:					
CURRENT LIABILITIES:					
Bank overdraft	\$ -	-	-	-	-
Claims payable	809,617	-	-	2,274,889	7,015,487
Accounts payable	-	-	24,784	838,555	1,461,863
Deferred revenue	-	-	-	-	-
Accrued payroll	119	-	-	28,779	350,176
Due to other fund	-	-	-	-	443,054
Loan payable	-	-	-	-	-
Due to other agencies	-	-	-	-	-
Capital leases payable	-	-	-	-	-
Accrued compensated absences	-	-	-	-	<u>406,970</u>
TOTAL CURRENT LIABILITIES	809,736	-	24,784	3,142,223	9,677,550
LONG-TERM DEBT:					
Claims payable	222,255	-	-	-	738,997
Compensated absences payable	-	-	-	-	<u>35,383</u>
TOTAL LONG-TERM DEBT	<u>222,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>774,380</u>
TOTAL LIABILITIES	1,031,991	-	24,784	3,142,223	10,451,930
NET ASSETS:					
Invested in capital assets, net of related debt	-	-	-	-	4,868,091
Restricted for insurance/claims	1,031,872	-	-	2,274,889	7,754,484
Unrestricted	<u>1,143,322</u>	<u>1,143,633</u>	<u>648,558</u>	<u>7,010,302</u>	<u>9,233,803</u>
TOTAL NET ASSETS	<u>2,175,194</u>	<u>1,143,633</u>	<u>648,558</u>	<u>9,285,191</u>	<u>21,856,378</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,207,185</u>	<u>1,143,633</u>	<u>673,342</u>	<u>12,427,414</u>	<u>32,308,308</u>

YEAR ENDED JUNE 30, 2009

	19700 Administration Services Division	36000 Surplus Property Bureau	41700 State Aircraft Pool	36200 Office of Information Processing
OPERATING REVENUE:				
Service fees/premiums	\$ 17,837	213,163	-	-
Federal funds	-	-	-	-
Interest income	-	-	-	-
Other revenue	<u>14,561</u>	<u>186,009</u>	<u>497,171</u>	<u>-</u>
TOTAL REVENUES	32,398	399,172	497,171	-
OPERATING EXPENSE:				
Personnel services	2,193,393	323,513	319,381	-
Employee benefits	868,210	124,514	136,353	-
In-state travel	2,706	284	129	-
Out-of-state travel	-	-	10,264	-
Maintenance and repairs	31,893	6,123	216,990	-
Supplies	64,358	1,053	2,085	-
Contractual services	521,923	3,898	-	-
Depreciation	601	8,247	1,009,356	-
Operating costs	526,184	75,094	676,999	-
Other costs	<u>-</u>	<u>2,375</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>4,209,268</u>	<u>545,101</u>	<u>2,371,557</u>	<u>-</u>
OPERATING INCOME (LOSS)	(4,176,870)	(145,929)	(1,874,386)	-

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenses and
Changes in Net Assets - Non-Major Enterprise Funds**

38500 Human Resources System	36900 Communications Division	36600 Digital Microwave	80600 State Printing	35200 Risk Management Operating	35300 State Unemployment Compensation
-	-	-	1,608,855	-	7,092,385
-	-	-	-	-	-
-	-	-	-	-	50,148
<u>-</u>	<u>-</u>	<u>-</u>	<u>30,486</u>	<u>11</u>	<u>-</u>
-	-	-	1,639,341	11	7,142,533
-	-	-	690,958	2,987,407	-
-	-	-	277,513	1,257,930	-
-	-	-	-	21,431	-
-	-	-	-	3,538	-
-	-	-	361	39,419	-
-	-	-	215,563	67,615	-
-	-	-	-	-	71,843
-	-	-	38,618	7,671	-
-	-	-	472,953	646,276	5,808,045
<u>-</u>	<u>-</u>	<u>-</u>	<u>20,252</u>	<u>220,746</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,716,218</u>	<u>5,252,033</u>	<u>5,879,888</u>
-	-	-	(76,877)	(5,252,022)	1,262,645

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Revenues, Expenses and
Changes in Net Assets - Non-Major Enterprise Funds - continued

YEAR ENDED JUNE 30, 2009

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
OPERATING REVENUE:					
Service fees/premiums	\$ 3,819,079	77,253	618,117	11,464,598	24,911,287
Federal funds	-	-	-	-	-
Interest income	19,799	8,786	-	66,248	144,981
Other revenue	<u>14,842</u>	<u>205</u>	<u>-</u>	<u>216,373</u>	<u>952,658</u>
TOTAL REVENUES	3,853,720	86,244	618,117	11,747,219	26,015,926
OPERATING EXPENSE:					
Personnel services	-	-	-	-	6,514,652
Employee benefits	-	-	-	-	2,664,520
In-state travel	-	-	-	-	24,550
Out-of-state travel	-	-	-	-	13,802
Maintenance and repairs	-	-	-	-	294,786
Supplies	-	-	-	-	350,674
Contractual services	47,895	62,340	300,385	2,141,862	3,150,146
Depreciation	-	-	-	-	1,064,493
Operating costs	-	25,855	-	3,316,893	11,548,299
Other costs	<u>1,384,689</u>	<u>-</u>	<u>-</u>	<u>375,189</u>	<u>2,003,251</u>
TOTAL EXPENSES	<u>1,432,584</u>	<u>88,195</u>	<u>300,385</u>	<u>5,833,944</u>	<u>27,629,173</u>
OPERATING INCOME (LOSS)	2,421,136	(1,951)	317,732	5,913,275	(1,613,247)

YEAR ENDED JUNE 30, 2009

	19700 Administration Services Division	36000 Surplus Property	41700 State Aircraft Pool	36200 Office of Information Processing
NON-OPERATING				
REVENUE (EXPENSE):				
Intra-agency transfers	\$ 4,112,585	-	2,000,000	-
Other financing sources (uses):				
Transfers:				
General appropriations	-	-	841,800	-
Other state agency transfers	-	-	468,000	131,285
Other state funds	-	-	-	-
TOTAL NON-OPERATING	<u>4,112,585</u>	<u>-</u>	<u>3,309,800</u>	<u>131,285</u>
REVENUE (EXPENSE)				
INCOME BEFORE TRANSFERS	(64,285)	(145,929)	1,435,414	131,285
TRANSFERS (FROM) TO	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(64,285)	(145,929)	1,435,414	131,285
BEGINNING NET ASSETS	2,616,585	184,668	3,132,804	(131,285)
RESTATEMENT OF NET ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BEGINNING NET ASSETS,				
as restated	<u>2,616,585</u>	<u>184,668</u>	<u>3,132,804</u>	<u>(131,285)</u>
ENDING NET ASSETS	\$ <u>2,552,300</u>	<u>38,739</u>	<u>4,568,218</u>	<u>-</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenses and
Changes in Net Assets - Non-Major Enterprise Funds - continued**

<u>38500 Human Resources System</u>	<u>36900 Communications Division</u>	<u>36600 Digital Microwave</u>	<u>80600 State Printing</u>	<u>35200 Risk Management Operating</u>	<u>35300 State Unemployment Compensation</u>
-	-	-	(62,500)	6,057,915	(49,400)
-	-	-	-	-	-
57,582	126,289	(7,280,335)	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>57,582</u>	<u>126,289</u>	<u>(7,280,335)</u>	<u>(62,500)</u>	<u>6,057,915</u>	<u>(49,400)</u>
57,582	126,289	(7,280,335)	(139,377)	805,893	1,213,245
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
57,582	126,289	(7,280,335)	(139,377)	805,893	1,213,245
(57,582)	(126,289)	7,280,335	714,761	(255,242)	(894,735)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(57,582)</u>	<u>(126,289)</u>	<u>7,280,335</u>	<u>714,761</u>	<u>(255,242)</u>	<u>(894,735)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>575,384</u>	<u>550,651</u>	<u>318,510</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenses and
Changes in Net Assets - Non-Major Enterprise Funds - continued**

YEAR ENDED JUNE 30, 2009

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
NON-OPERATING					
REVENUE (EXPENSE):					
Intra-agency transfers	\$ (64,700)	(38,100)	-	(671,700)	11,284,100
Other financing sources (uses):					
Transfers:					
General appropriations	-	-	-	-	841,800
Other state agency transfers	-	-	-	-	(6,497,179)
Other state funds	-	-	-	-	-
TOTAL NON-OPERATING					
REVENUE (EXPENSE)	<u>(64,700)</u>	<u>(38,100)</u>	<u>-</u>	<u>(671,700)</u>	<u>5,628,721</u>
INCOME BEFORE TRANSFERS	2,356,436	(40,051)	317,732	5,241,575	4,015,474
TRANSFERS (FROM) TO	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	2,356,436	(40,051)	317,732	5,241,575	4,015,474
BEGINNING NET ASSETS	(181,242)	1,183,684	330,826	4,043,616	17,840,904
RESTATEMENT OF NET ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BEGINNING NET ASSETS, as restated	<u>(181,242)</u>	<u>1,183,684</u>	<u>330,826</u>	<u>4,043,616</u>	<u>17,840,904</u>
NET ASSETS, END OF YEAR	<u>2,175,194</u>	<u>1,143,633</u>	<u>648,558</u>	<u>9,285,191</u>	<u>21,856,378</u>

YEAR ENDED JUNE 30, 2009

	19700 Administration Services Division	36000 Surplus Property Bureau	41700 State Aircraft Pool	36200 Office of Information Processing
OPERATING ACTIVITIES:				
Fees received	\$ 32,398	399,678	-	-
Other income	-	-	554,080	-
Cash paid to supplies and employees	<u>(4,108,657)</u>	<u>(439,294)</u>	<u>(1,452,446)</u>	<u>(97,195)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4,076,259)	(39,616)	(898,366)	(97,195)
NON-CAPITAL FINANCING ACTIVITIES:				
Appropriation from/reversion to State General Fund	-	-	841,800	-
Severance tax bond proceeds	-	-	-	-
Transfers	<u>4,112,585</u>	<u>-</u>	<u>2,468,000</u>	<u>131,285</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	4,112,585	-	3,309,800	131,285
CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	<u>-</u>	<u>-</u>	<u>(2,468,000)</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>(2,468,000)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	36,326	(39,616)	(56,566)	34,090
BEGINNING CASH	<u>3,050,455</u>	<u>79,786</u>	<u>149,565</u>	<u>(34,090)</u>
ENDING CASH	\$ <u>3,086,781</u>	<u>40,170</u>	<u>92,999</u>	<u>-</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Cash Flows -
Non-Major Enterprise Funds**

<u>38500</u> <u>Human</u> <u>Resources</u> <u>System</u>	<u>36900</u> <u>Communications</u> <u>Division</u>	<u>36600</u> <u>Digital</u> <u>Microwave</u>	<u>80600</u> <u>State</u> <u>Printing</u>	<u>35200</u> <u>Risk</u> <u>Management</u> <u>Operating</u>	<u>35300</u> <u>State</u> <u>Unemployment</u> <u>Compensation</u>
-	-	-	1,639,341	1,023	7,182,323
-	-	197,933	-	-	-
<u>(87,582)</u>	<u>(199,002)</u>	<u>-</u>	<u>(1,481,318)</u>	<u>(5,092,205)</u>	<u>(7,043,330)</u>
(87,582)	(199,002)	197,933	158,023	(5,091,182)	138,993
-	-	-	-	-	-
-	-	-	-	-	-
<u>57,582</u>	<u>126,289</u>	<u>(7,280,335)</u>	<u>(62,500)</u>	<u>6,057,915</u>	<u>(49,400)</u>
57,582	126,289	(7,280,335)	(62,500)	6,057,915	(49,400)
-	-	-	-	-	-
-	-	-	-	-	-
(30,000)	(72,713)	(7,082,402)	95,523	966,733	89,593
<u>30,000</u>	<u>72,713</u>	<u>7,082,402</u>	<u>28,577</u>	<u>(66,017)</u>	<u>4,640,934</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>124,100</u>	<u>900,716</u>	<u>4,730,527</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Cash Flows -
Non-Major Enterprise Funds - continued

YEAR ENDED JUNE 30, 2009

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
OPERATING ACTIVITIES:					
Fees received	\$ 3,870,943	86,244	618,117	11,747,219	25,577,286
Other income	-	-	-	-	752,013
Cash paid to supplies and employees	<u>(1,665,169)</u>	<u>(111,525)</u>	<u>(398,916)</u>	<u>(5,209,591)</u>	<u>(27,386,230)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2,205,774	(25,281)	219,201	6,537,628	(1,056,931)
NON-CAPITAL FINANCING ACTIVITIES:					
Appropriation from/reversion to State General Fund	-	-	-	-	841,800
Severance tax bond proceeds	-	-	-	-	-
Transfers	<u>(64,700)</u>	<u>(38,100)</u>	<u>-</u>	<u>(671,700)</u>	<u>4,786,921</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(64,700)	(38,100)	-	(671,700)	5,628,721
CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchase of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,468,000)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,468,000)</u>
NET INCREASE (DECREASE) IN CASH	2,141,074	(63,381)	219,201	5,865,928	2,103,790
BEGINNING CASH	<u>1,065,545</u>	<u>1,206,818</u>	<u>454,141</u>	<u>6,559,276</u>	<u>24,320,105</u>
ENDING CASH	\$ <u>3,206,619</u>	<u>1,143,437</u>	<u>673,342</u>	<u>12,425,204</u>	<u>26,423,895</u>

YEAR ENDED JUNE 30, 2009

	19700 Administration Services Division	36000 Surplus Property Bureau	41700 State Aircraft Pool	36200 Office of Information Processing
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM:				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ (4,176,870)	(145,929)	(1,874,386)	-
Adjustments:				
Depreciation	601	8,247	1,009,356	-
(Increase) Decrease in assets				
Accounts receivable, interest receivable and due from other agencies and funds	8,496	68,577	48,592	86,732
Inventories	(2,784)	-	-	-
Other assets	-	506	8,317	-
Increase (decrease) in liabilities:				
Insurance claim payable	-	-	-	-
Accounts payable and due to other agencies and funds	91,935	27,631	(76,724)	(183,927)
Accrued expenses	(14,021)	2,735	(15,307)	-
Deferred Revenue	-	-	-	-
Accrued compensated absences	16,384	(1,383)	1,786	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (4,076,259)	(39,616)	(898,366)	(97,195)

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Cash Flows -
Non-Major Enterprise Funds - continued

38500 Human Resources System	36900 Communications Division	36600 Digital Microwave	80600 State Printing	35200 Risk Management Operating	35300 State Unemployment Compensation	35400 LPB Unemployment Compensation
-	-	-	(76,877)	(5,252,022)	1,262,645	2,421,136
-	-	-	38,618	7,671	-	-
21,751	126,775	197,933	224,128	-	39,790	17,223
-	-	-	48,447	-	-	-
-	-	-	-	1,012	-	-
-	-	-	-	-	(53,517)	1,088
(109,333)	(325,777)	-	(36,801)	254,890	(1,109,917)	(233,673)
-	-	-	(32,116)	(122,301)	(8)	-
-	-	-	-	-	-	-
-	-	-	(7,376)	19,568	-	-
<u>(87,582)</u>	<u>(199,002)</u>	<u>197,933</u>	<u>158,023</u>	<u>(5,091,182)</u>	<u>138,993</u>	<u>2,205,774</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Cash Flows -
Non-Major Enterprise Funds - continued

YEAR ENDED JUNE 30, 2009

	<u>35800</u>	<u>21500</u>	<u>35600</u>	
	<u>Surety</u>	<u>Employee</u>	<u>Public</u>	<u>Total</u>
	<u>Bond</u>	<u>Assistance</u>	<u>Property</u>	
			<u>Reserve</u>	
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM:				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ (1,951)	317,732	5,913,275	(1,613,247)
Adjustments:				
Depreciation	-	-	-	1,064,493
(Increase) Decrease in assets				
Accounts receivable, interest receivable and due from other agencies and funds	6,816	7,957	36,249	891,019
Inventories	-	-	-	45,663
Other assets	-	-	-	9,835
Increase (decrease) in liabilities:				
Insurance claim payable	(30,146)	-	409,265	326,690
Accounts payable and due to other agencies and funds	-	(70,866)	178,839	(1,593,723)
Accrued expenses	-	(35,622)	-	(216,640)
Deferred revenue	-	-	-	-
Accrued compensated absences	-	-	-	28,979
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u>(25,281)</u>	<u>219,201</u>	<u>6,537,628</u>	<u>(1,056,931)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

ADMINISTRATIVE SERVICES DIVISION

	Budgeted Amounts		Actual Amounts	Variance From
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 130,600	130,600	17,837	(112,763)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	14,561	14,561
Other financing sources	<u>3,892,400</u>	<u>4,085,400</u>	<u>4,112,585</u>	<u>27,185</u>
Total revenue	4,023,000	4,216,000	<u>4,144,983</u>	<u>(71,017)</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>4,023,000</u>	<u>4,216,000</u>		
EXPENSES - current:				
Personal services and employee benefits	\$ 3,151,600	3,020,219	3,061,603	(41,384)
Contractual services	332,500	525,500	521,923	3,577
Other costs	537,900	669,281	625,141	44,140
Other uses	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL EXPENSES BEFORE DEPRECIATION	4,023,000	4,216,000	4,208,667	7,333
DEPRECIATION NOT BUDGETED	<u>-</u>	<u>-</u>	<u>601</u>	<u>(601)</u>
TOTAL EXPENSES	\$ <u>4,023,000</u>	<u>4,216,000</u>	<u>4,209,268</u>	<u>6,732</u>
CHANGE IN NET ASSETS			<u>(64,285)</u>	

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued**

YEAR ENDED JUNE 30, 2009

	SURPLUS PROPERTY BUREAU			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 714,900	714,900	399,172	(315,728)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
 Total revenue	 714,900	 714,900	 <u>399,172</u>	 <u>(315,728)</u>
 Fund balance	 -	 -		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	 \$ <u>714,900</u>	 <u>714,900</u>		
 EXPENSES - current:				
Personnel services and employee benefits	\$ 548,900	548,900	448,027	100,873
Contractual services	50,500	50,500	3,898	46,602
Other	115,500	115,500	84,929	30,571
Other financing uses	-	-	-	-
 TOTAL EXPENSES BEFORE DEPRECIATION	 714,900	 714,900	 536,854	 178,046
 DEPRECIATION NOT BUDGETED	 -	 -	 <u>8,247</u>	 <u>(8,247)</u>
 TOTAL EXPENSES	 \$ <u>714,900</u>	 <u>714,900</u>	 <u>545,101</u>	 <u>169,799</u>
 CHANGE IN NET ASSETS			 <u>(145,929)</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	STATE AIRCRAFT POOL			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 1,620,900	1,620,900	497,171	(1,123,729)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	990,300	990,300	841,800	(148,500)
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,468,000</u>	<u>(332,000)</u>
Total revenue	5,411,200	5,411,200	<u>3,806,971</u>	<u>(1,604,229)</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>5,411,200</u>	<u>5,411,200</u>		
EXPENSES - current:				
Personal services and employee benefits	\$ 918,400	918,400	455,734	462,666
Contractual services	7,000	7,000	-	7,000
Other costs	4,485,800	4,485,800	906,467	3,579,333
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES BEFORE DEPRECIATION	5,411,200	5,411,200	1,362,201	4,048,999
DEPRECIATION NOT BUDGETED	<u>-</u>	<u>-</u>	<u>1,009,356</u>	<u>(1,009,356)</u>
TOTAL EXPENSES	\$ <u>5,411,200</u>	<u>5,411,200</u>	<u>2,371,557</u>	<u>3,039,643</u>
CHANGE IN NET ASSETS			<u>1,435,414</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2009

OFFICE OF INFORMATION PROCESSING

* NO LEGAL BUDGET WAS ADOPTED *

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$		-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	131,285	131,285
Total revenue	-	-	131,285	131,285
 Fund balance	-	-		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$	-		
 EXPENSES - current:				
Personnel services and employee benefits	\$	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
TOTAL EXPENSES BEFORE DEPRECIATION	-	-	-	-
 DEPRECIATION NOT BUDGETED	-	-	-	-
 TOTAL EXPENSES	\$	-	-	-
 CHANGE IN NET ASSETS			131,285	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

HUMAN RESOURCES SYSTEM

* NO LEGAL BUDGET WAS ADOPTED *

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	57,582	57,582
Total revenue	-	-	<u>57,582</u>	<u>57,582</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ -	-		
EXPENSES - current:				
Personnel services and employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
TOTAL EXPENSES BEFORE DEPRECIATION	-	-	-	-
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ -	-	-	-
CHANGE IN NET ASSETS			<u>57,582</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	COMMUNICATIONS DIVISION			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
* NO LEGAL BUDGET WAS ADOPTED *				
REVENUES:				
Service fees	\$	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	126,289	126,289
Total revenue	-	-	126,289	126,289
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$	-	-	
EXPENSES - current:				
Personnel services and employee benefits	\$	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
TOTAL EXPENSES BEFORE DEPRECIATION	-	-	-	-
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$	-	-	-
CHANGE IN NET ASSETS			126,289	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	DIGITAL MICROWAVE			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ -	-	-	-
EXPENSES - current:				
Other uses	\$ -	-	7,280,335	(7,280,335)
TOTAL EXPENSES BEFORE DEPRECIATION	-	-	7,280,335	(7,280,335)
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ -	-	7,280,335	(7,280,335)
CHANGE IN NET ASSETS			(7,280,335)	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	STATE PRINTING			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 2,787,400	2,787,400	1,639,341	(1,148,059)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	2,787,400	2,787,400	<u>1,639,341</u>	<u>(1,148,059)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>2,787,400</u>	<u>2,787,400</u>		
EXPENSES - current:				
Personnel services and employee benefits	\$ 1,386,200	1,386,200	968,471	417,729
Contractual services	13,000	13,000	-	13,000
Other costs	1,325,700	1,325,700	709,129	616,571
Other uses	<u>62,500</u>	<u>62,500</u>	<u>62,500</u>	-
TOTAL EXPENSES BEFORE DEPRECIATION	2,787,400	2,787,400	1,740,100	1,047,300
DEPRECIATION NOT BUDGETED	-	-	<u>38,618</u>	<u>(38,618)</u>
TOTAL EXPENSES	\$ <u>2,787,400</u>	<u>2,787,400</u>	<u>1,778,718</u>	<u>1,008,682</u>
CHANGE IN NET ASSETS			<u>(139,377)</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	RISK MANAGEMENT OPERATING			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	11	11
Other financing sources	<u>7,792,900</u>	<u>7,792,900</u>	<u>8,259,215</u>	<u>466,315</u>
Total revenue	7,792,900	7,792,900	<u>8,259,226</u>	<u>466,326</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>7,792,900</u>	<u>7,792,900</u>		
EXPENSES - current:				
Personnel services and employee benefits	\$ 4,384,600	4,384,600	4,245,337	139,263
Contractual services	-	-	-	-
Other costs	1,207,000	1,207,000	999,025	207,975
Other uses	<u>2,201,300</u>	<u>2,201,300</u>	<u>2,201,300</u>	<u>-</u>
TOTAL EXPENSES BEFORE DEPRECIATION	7,792,900	7,792,900	7,445,662	347,238
DEPRECIATION NOT BUDGETED	<u>-</u>	<u>-</u>	<u>7,671</u>	<u>(7,671)</u>
TOTAL EXPENSES	\$ <u>7,792,900</u>	<u>7,792,900</u>	<u>7,453,333</u>	<u>339,567</u>
CHANGE IN NET ASSETS			<u>805,893</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	STATE UNEMPLOYMENT COMPENSATION			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	50,148	50,148
Insurance assessments	5,328,300	5,728,300	7,092,385	1,364,085
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	5,328,300	5,728,300	<u>7,142,533</u>	<u>1,414,233</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>5,328,300</u>	<u>5,728,300</u>		
EXPENSES - current:				
Contractual services	\$ 160,000	160,000	71,843	88,157
Other costs	5,118,900	5,518,900	5,465,272	53,628
Other uses	49,400	49,400	49,400	-
TOTAL EXPENSES BEFORE BAD DEBT EXPENSE	5,328,300	5,728,300	5,586,515	141,785
BAD DEBT EXPENSE NOT BUDGETED	-	-	<u>342,773</u>	<u>(342,773)</u>
TOTAL EXPENSES	\$ <u>5,328,300</u>	<u>5,728,300</u>	<u>5,929,288</u>	<u>(200,988)</u>
CHANGE IN NET ASSETS			<u>1,213,245</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	LOCAL PUBLIC BODY UNEMPLOYMENT COMPENSATION			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Insurance Assessments	3,517,700	3,517,700	3,833,921	316,221
Interest	-	-	19,799	19,799
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
 Total revenue	 3,517,700	 3,517,700	 <u>3,853,720</u>	 <u>336,020</u>
 Fund balance	 -	 -		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	 \$ <u>3,517,700</u>	 <u>3,517,700</u>		
 EXPENSES - current:				
Contractual services	\$ 80,000	80,000	47,895	32,105
Other costs	3,373,000	3,373,000	1,384,689	1,988,311
Other uses	64,700	64,700	64,700	-
 TOTAL EXPENSES BEFORE DEPRECIATION	 3,517,700	 3,517,700	 1,497,284	 2,020,416
 DEPRECIATION NOT BUDGETED	 -	 -	 -	 -
 TOTAL EXPENSES	 \$ <u>3,517,700</u>	 <u>3,517,700</u>	 <u>1,497,284</u>	 <u>2,020,416</u>
 CHANGE IN NET ASSETS			 <u>2,356,436</u>	

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued**

YEAR ENDED JUNE 30, 2009

	SURETY BOND			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Insurance assessments	158,100	158,100	77,458	(80,642)
Interest	-	-	8,786	8,786
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	158,100	158,100	86,244	(71,856)
Fund balance				
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ 158,100	158,100		
EXPENSES - current:				
Contractual services	\$ 70,000	70,000	62,340	7,660
Other costs	50,000	50,000	25,855	24,145
Other uses	38,100	38,100	38,100	-
TOTAL EXPENSES BEFORE DEPRECIATION	158,100	158,100	126,295	31,805
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ 158,100	158,100	126,295	31,805
CHANGE IN NET ASSETS			(40,051)	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	EMPLOYEE ASSISTANCE PROGRAM			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	-	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Insurance assessments	720,000	720,000	618,117	(101,883)
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	720,000	720,000	618,117	(101,883)
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ 720,000	720,000		
EXPENSES - current:				
Personal services and employee benefits	-	-	-	-
Contractual services	720,000	720,000	300,385	419,615
Other costs	-	-	-	-
Other uses	-	-	-	-
TOTAL EXPENSES BEFORE DEPRECIATION	720,000	720,000	300,385	419,615
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ 720,000	720,000	300,385	419,615
CHANGE IN NET ASSETS			317,732	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	PUBLIC PROPERTY RESERVE			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Insurance Assesments	28,616,200	28,616,200	11,680,971	(16,935,229)
Interest	-	-	66,248	66,248
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
 Total revenue	 28,616,200	 28,616,200	 <u>11,747,219</u>	 <u>(16,868,981)</u>
 Fund balance	 -	 -		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	 \$ <u>28,616,200</u>	 <u>28,616,200</u>		
 EXPENSES - current:				
Personal services and employee benefits	\$ -	-	-	-
Contractual services	15,422,500	15,422,500	2,141,862	13,280,638
Other costs	12,522,000	12,522,000	3,692,082	8,829,918
Other uses	<u>671,700</u>	<u>671,700</u>	<u>671,700</u>	-
 TOTAL EXPENSES BEFORE DEPRECIATION	 28,616,200	 28,616,200	 6,505,644	 22,110,556
 DEPRECIATION NOT BUDGETED	 -	 -	 -	 -
 TOTAL EXPENSES	 \$ <u>28,616,200</u>	 <u>28,616,200</u>	 <u>6,505,644</u>	 <u>22,110,556</u>
 CHANGE IN NET ASSETS			 <u>5,241,575</u>	

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued**

YEAR ENDED JUNE 30, 2009

	PUBLIC LIABILITY			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Insurance assessments	45,366,700	45,366,700	40,977,265	(4,389,435)
Interest	-	-	691,352	691,352
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	45,366,700	45,366,700	<u>41,668,617</u>	<u>(3,698,083)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>45,366,700</u>	<u>45,366,700</u>		
EXPENSES - current:				
Contractual services	\$ 19,570,200	19,570,200	12,448,743	7,121,457
Other costs	20,231,900	20,231,900	2,307,588	17,924,312
Other uses	<u>5,564,600</u>	<u>5,564,600</u>	<u>5,564,600</u>	-
TOTAL EXPENSES BEFORE DEPRECIATION	45,366,700	45,366,700	20,320,931	25,045,769
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>45,366,700</u>	<u>45,366,700</u>	<u>20,320,931</u>	<u>25,045,769</u>
CHANGE IN NET ASSETS			<u>21,347,686</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	WORKERS' COMPENSATION RETENTION			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Insurance assessments	16,783,400	19,783,400	23,781,937	3,998,537
Interest	-	-	42,205	42,205
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	16,783,400	19,783,400	<u>23,824,142</u>	<u>4,040,742</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ <u>16,783,400</u>	<u>19,783,400</u>		
EXPENSES - current:				
Contractual services	\$ 4,000,000	4,000,000	2,294,039	1,705,961
Other costs	11,753,000	14,753,000	14,440,495	312,505
Other uses	<u>1,030,400</u>	<u>1,030,400</u>	<u>1,030,400</u>	-
TOTAL EXPENSES BEFORE DEPRECIATION	16,783,400	19,783,400	17,764,934	2,018,466
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>16,783,400</u>	<u>19,783,400</u>	<u>17,764,934</u>	<u>2,018,466</u>
CHANGE IN NET ASSETS			<u>6,059,208</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

	STATE TRANSPORTATION POOL			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 9,288,100	9,288,100	7,554,215	(1,733,885)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
 Total revenue	 9,288,100	 9,288,100	 <u>7,554,215</u>	 <u>(1,733,885)</u>
 Fund balance	 -	 <u>231,000</u>		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	 \$ <u>9,288,100</u>	 <u>9,519,100</u>		
 EXPENSES - current:				
Personal services and employee benefits	\$ 1,101,600	1,418,200	1,433,408	(15,208)
Contractual services	21,500	27,700	17,089	10,611
Other costs	7,822,500	7,730,700	5,106,396	2,624,304
Other uses	<u>342,500</u>	<u>342,500</u>	<u>342,500</u>	-
 TOTAL EXPENSES BEFORE DEPRECIATION	 9,288,100	 9,519,100	 6,899,393	 2,619,707
 DEPRECIATION NOT BUDGETED	 -	 -	 <u>2,448,296</u>	 <u>(2,448,296)</u>
 TOTAL EXPENSES	 \$ <u>9,288,100</u>	 <u>9,519,100</u>	 <u>9,347,689</u>	 <u>171,411</u>
 CHANGE IN NET ASSETS			 <u>(1,793,474)</u>	

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2009

GROUP INSURANCE PREMIUM STABILIZATION

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Insurance assessments	382,388,000	382,388,000	340,080,580	(42,307,420)
Interest	-	-	305,589	305,589
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	382,388,000	382,388,000	<u>340,386,169</u>	<u>(42,001,831)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	\$ <u>382,388,000</u>	<u>382,388,000</u>		
EXPENSES - current:				
Contractual services	\$ 22,356,400	22,356,400	20,277,129	2,079,271
Other costs	357,843,600	357,843,600	304,095,482	53,748,118
Other uses	<u>2,188,000</u>	<u>2,188,000</u>	<u>2,188,000</u>	-
TOTAL EXPENSES BEFORE DEPRECIATION				
	382,388,000	382,388,000	326,560,611	55,827,389
DEPRECIATION NOT BUDGETED				
	-	-	-	-
TOTAL EXPENSES				
	\$ <u>382,388,000</u>	<u>382,388,000</u>	<u>326,560,611</u>	<u>55,827,389</u>
CHANGE IN NET ASSETS				
			<u>13,825,558</u>	

FIDUCIARY FUNDS

Purchasing Division

- **The Bond Securities** (Fund 75100) is used to account for bid securities of contractors bidding on construction projects who elect to remit cash directly to State Purchasing instead of obtaining bonding from a surety company.

Risk Management Division

- **The Insurance Carrier Premiums** (Fund 56100) was established in fiscal year 2001 to hold both the employer's and employee's share of vision, long-term care and life insurance premiums until they are remitted to the Davis Vision and Prudential insurance companies. The premiums are collected from state agencies, participating local public bodies and their employees.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Fiduciary Assets and Liabilities -
Agency Funds**

AS OF JUNE 30, 2009

	75100	56100	
	Bond Securities	Insurance Carrier Premiums	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash	\$ 22,225	1,324,682	1,346,907
Deposits due from others	-	3,745	3,745
Due from other funds	<u>-</u>	<u>81,930</u>	<u>81,930</u>
TOTAL ASSETS	\$ <u>22,225</u>	<u>1,410,357</u>	<u>1,432,582</u>
LIABILITIES:			
Accounts payable	\$ 9,349	1,410,357	1,419,706
Deposits held for others	<u>12,876</u>	<u>-</u>	<u>12,876</u>
TOTAL LIABILITIES	\$ <u>22,225</u>	<u>1,410,357</u>	<u>1,432,582</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Schedule of Changes in Assets and Liabilities - Agency Funds

AS OF JUNE 30, 2009

	<u>Balance as of June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2009</u>
75100 BOND SECURITIES				
ASSETS:				
Cash	\$ 15,150	97,679	90,604	22,225
TOTAL ASSETS	<u>\$ 15,150</u>	<u>97,679</u>	<u>90,604</u>	<u>22,225</u>
LIABILITIES:				
Accounts payable	\$ -	9,349	-	9,349
Deposits held in custody for others	15,150	97,679	99,953	12,876
TOTAL LIABILITIES	<u>\$ 15,150</u>	<u>107,028</u>	<u>99,953</u>	<u>22,225</u>
 56100 INSURANCE CARRIER PREMIUMS				
ASSETS:				
Cash	\$ 186,737	9,422,770	8,284,825	1,324,682
Deposits due from others	-	3,745	-	3,745
Due from other funds	81,930	-	-	81,930
TOTAL ASSETS	<u>\$ 268,667</u>	<u>9,426,515</u>	<u>8,284,825</u>	<u>1,410,357</u>
LIABILITIES:				
Accounts payable	\$ -	2,754,204	1,343,847	1,410,357
Deposits held in custody for others	268,667	-	268,667	-
TOTAL LIABILITIES	<u>\$ 268,667</u>	<u>2,754,204</u>	<u>1,612,514</u>	<u>1,410,357</u>

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, of the State of New Mexico General Services Department (the Department), as of and for the year ended June 30, 2009. We also have audited the financial statements of each of the department's non-major governmental, and non-major enterprise and fiduciary funds and budgetary comparisons for the major capital project and enterprise funds and non-major governmental and enterprise funds presented as supplementary information in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2009, and have issued our report thereon dated December 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.



Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department and
Mr. Hector H. Balderas
New Mexico State Auditor

Internal Control Over Financial Reporting - continued

A **control deficiency** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A **significant deficiency** is a control deficiency, or a combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting 04-01, 05-07, 06-01, 06-10, 06-22, 07-01 and 09-01.

A **material weakness** is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section, and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 04-01 and 06-22 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department and
Mr. Hector H. Balderas
New Mexico State Auditor

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as findings 05-07, 06-01 and 09-01.

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Department's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the Department, the New Mexico Legislature and the Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Maynard + Company, LLC

December 10, 2009

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Schedule of Findings and Responses

B. FINDINGS - FINANCIAL STATEMENT AUDIT

04-01 GENERAL LEDGER RECONCILIATION (Material Weakness)

Condition: Timely and accurate financial reporting is critical to the management of the Department. The Administrative Services Division (ASD) is responsible for the accounts and reporting for all divisions of the Department. In addition, with the Department being an internal service fund for the State, the billing and collecting policies and procedures reflect on every other department within the State that utilizes the services of the Department.

General ledger accounts were not properly reconciled throughout the year. Specifically, these were the cash accounts held with the New Mexico State Treasurer's Office and accrued payroll. In addition, there were no general ledger audits performed during the year related to financial activity. The general ledger audit function, if properly established, could be an effective tool in strengthening internal controls and identifying fraud and errors should they occur. Currently, all accounting tasks seem to be the responsibility of a couple of individuals within the Administrative Services Division. The review process for financial reporting by knowledgeable staff also appears to be lacking. This creates significant risk to the Department.

Criteria: DFA's Manual of Model Accounting Practices (MAPs) Volume 1, Chapter 8, Section 3.2 requires monthly reconciliations of all accounts. Individual accounts should be reconciled on a monthly basis. Discrepancies and inconsistencies should be investigated as soon as they are discovered.

Cause: Management has previously identified accounts of concern, but lack of proper financial reporting training and management oversight allowed the accounts mentioned above to be materially misstated. Corrections and reconciliations to the accounts were not performed until a recommendation was made by the auditors.

The Administrative Services Division is severely understaffed in the accountant/auditor position. This low level of staffing contributed directly to the absence of many reconciliation processes.

Effect: Constant problems in receiving and reporting timely and current financial information throughout the year can significantly impact management's ability to effectively guide the Department and the divisions within the Department. In addition, errors or fraud may not be prevented or discovered without proper, consistent and timely reconciliations and financial statement generation. ASD should be support to the other divisions within the Department. When financial information is inaccurate or untimely, the divisions do not receive the support they need.

Recommendation: We recommend management review the current responsibilities of the ASD staff. This review should include an assessment of current responsibilities and the strengths and weaknesses of the individuals involved. Tasks should then be reassigned as separate responsibilities for the individual funds. We recommend that this include primary responsibility for all accounting and financial analysis and review

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

04-01 GENERAL LEDGER RECONCILIATION (Material Weakness) - continued

Recommendation - continued:

responsibility by a separate member of the team. Responsibilities should require monthly reconciliation of all accounts and transactions within the funds prior to generating monthly financial statements. Additionally, we recommend that employees involved in general ledger tasks be provided with cross training in multiple financial reporting areas.

Management's Response: The response to this finding in the FY05 audit report addressed the continued need to recruit qualified staff and to reallocate duties and responsibilities based on current staffing. The Administrative Services Division (ASD) has submitted a request for an exemption to the hiring freeze to hire two additional employees. ASD successfully hired two highly qualified accounting staff members in FY09, while at the same time, losing three employees. With the two additional staff members ASD is seeking to hire, the overall staffing level will move closer toward meeting the needs of the Division.

The Department does not currently employ an internal auditor, but recognizes the need for the position. The organizational listing for the Department shows an internal auditor. However, the internal auditor position is filled by a person who is charged with writing the Strategic Plans for the Agency and helping with performance based budgeting.

05-07 BUDGET OVERAGES (Significant Deficiency)

Condition: In FY09, the Department overspent budget categories in the following funds: Personal Services and Employee Benefits in the Administrative Services Division by \$41,384, Personal Services and Employee Benefits in the State Transportation Pool by \$15,208, and the Other Uses in the Digital Microwave by \$7,280,335. In addition no budget was adopted for Digital Microwave.

Criteria: According to State Auditor Rule 2.2.2.10, if an agency's expenditures exceed its budget in any category, this fact must be disclosed in a finding.

Cause: The Department did not monitor its budget and missed the opportunity to submit a Budget Adjustment Request. The Department failed to submit a budget adjustment request to eliminate the excess of budget to expenditures.

Effect: The Department is out of compliance with statutory requirements to obtain approval prior to making expenditures.

Recommendation: The budget needs to be monitored and adjustments made on a timely basis in order to avoid overages.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-07 BUDGET OVERAGES (Significant Deficiency) - continued

Management's Response: Over the past two fiscal years, the Department has implemented quarterly financial reviews with divisions, including analysis and projections of current and past year appropriations, budgets and expenditures. Regular meetings are held with division directors and program managers to help manage the budgets in the various divisions. Additionally, weekly updates on revenue, accounts receivable, cash, staffing/vacant positions and a review of expenditures are provided to all division directors and program managers. We will work to continue to improve this process.

06-01 INCOMPLETE PERSONNEL FILES (Significant Deficiency)

Condition: During our review of the personnel files, it was noted that, out of a sample of forty personnel files, two files did not contain a completed I-9 form, five files did not contain an approved PERA application, and three files did not contain a valid deduction authorization form.

Criteria: According to the Personnel Act (10-9-1 to 10-9-25 NMSA 1978), personnel files should be adequately maintained.

Cause: The Department does not have effective procedures in place to obtain the required personnel and payroll information.

Effect: Employee files appear incomplete and in noncompliance with Personnel Act.

Recommendation: We recommend that a policy be established requiring this documentation in all employee's personnel files.

Management's Response: The Human Resources Bureau has now implemented an audit review process that requires the Bureau to review all personnel files on a quarterly basis. The Bureau has also created a checklist that will help HR administrators verify that all necessary forms are included in employee personnel files. Files will be randomly audited for accuracy.

06-10 LACK OF OVERTIME REPORTING (Significant Deficiency)

Condition: Division directors do not provide overtime reports to the Cabinet Secretary on a monthly basis.

Criteria: GSD Administrative Manual Section 6.3.3 stipulates division directors report all overtime to the Cabinet Secretary and Deputy Secretary on a monthly basis.

Cause: Established procedures and internal controls were not followed.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-10 LACK OF OVERTIME REPORTING (Significant Deficiency) - continued

Effect: Overtime is not monitored by the Cabinet Secretary or Deputy Secretary. Division directors may allow use of overtime with less stringency since they do not have to explain the use to the Cabinet Secretary's office.

Recommendation: We recommend that the Department follow procedures as outlined by the Administrative Manual regarding overtime to ensure control.

Management's Response: Division directors have been reminded to comply with the Department's published overtime reporting policy. A new overtime policy is currently being negotiated with Union representatives.

06-22 CAPITAL ASSETS – CONSTRUCTION IN PROGRESS (Material Weakness)

Condition: During the testwork of capital assets in the government funds, it was noted that the beginning balances of construction in process and land could not be reconciled to the ending balances of the prior year. Also, capital outlay did not agree to the construction in process additions documented on the rollforward for construction in process, nor was there a reconciliation noting an ending variance.

Criteria: State agencies shall record and report state owned capital assets in accordance with state law and GAAP. As described in MAPs FIN6, authorized by Section 6-5-2, 13-6-1, NMSA 1978 and GSD Rule 88-101

Cause: Lack of effective procedures and internal controls in recording additions of capital assets or in construction in progress.

Effect: Capital asset balances at the government-wide level could be materially misstated.

Recommendation: We recommend a thorough reconciliation process be put in place to ensure capital outlay additions agree to additions in the capital assets and/or construction and process. Also, the Department needs to ensure they keep adequate records so ending balances for one year become the beginning balances for the following year.

Management's Response: The Administrative Services Division created a Fixed Assets Strike Team with members from the various divisions within the agency, to assist the General Ledger Bureau with clarifying the agency's fixed assets values and determining an accurate amount for construction in progress. The agency's fixed assets and construction in progress will be verified and completed in time for adequate testing during the FY10 audit.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

07-01 JOURNAL ENTRY APPROVAL (Significant Deficiency)

Condition: During journal entry testwork, it was noted that five out of 25 journal entries selected that were created by an outside agency, the Department of Finance and Administration (DFA), were both not known and/or approved by the management of the Department. Therefore, the Department was unable to provide any supporting documentation for these entries. Additionally, two journal entries out of 25 tested did not contain an approval signature.

Criteria: As a state agency, the Department must follow the existing MAPs procedures for journal entries. As described in MAPs (Fin3.7 - 3.11), authorized by Section 6-5-2, NMSA 1978.

Cause: Lack of effective procedures regarding obtaining support documentation for journal entries booked outside the agency; lack of effective procedures regarding the approval process.

Effect: If AJEs are not reviewed and approved, it is possible that inappropriate entries may be made that may cause misstatements to the financial statements

Recommendation: The Department should actively monitor all changes made to the general ledger. When journal entries are posted, management of the Department should be presented with approved supporting documentation prior to posting to the general ledger.

Management's Response: The Administrative Services Division (ASD) staff will monitor all changes made to the general ledger, and will send a written request to the Department of Finance and Administration (DFA) Director of Finance Control Division requesting copies of all supporting documentation for all journal entries. The General Services Department (GSD), through the ASD staff, will request DFA to obtain written concurrence from the GSD Chief Financial Officer before posting journal entries on behalf of GSD. All supporting documentation approving the transaction will be kept on file with other journal entries that posted internally by the Department.

09-01 CASH RECEIPT NOT DEPOSITED IN TIMELY MANNER (Significant Deficiency)

Condition: During our cash receipts testwork we noted that one cash receipt packet totaling \$2,256 out of 40 selected was not properly deposited within 24 hours.

Criteria: According to the Manual of Model Accounting Practices (MAPs), section FIN 2.3, NMSA 1978, all state agencies shall deposit cash receipts within 24 hours of receipt.

Cause: Lack of effective controls surrounding the cash receipts process; management oversight.

Effect: Potential misstatement of financial information, and/or misappropriation of assets.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

09-01 CASH RECEIPT NOT DEPOSITED IN TIMELY MANNER (Significant Deficiency) - continued

Recommendation: We recommend that the Department establish controls necessary to ensure that all cash received is deposited by the end of the next business day. This includes strict adherence to MAPs.

Management's Response: The various divisions within the agency receive payments in the mail, and are then required to time stamp and forward the payments to ASD for immediate processing. Once the Administrative Services Division (ASD) receives the checks, ASD will also time stamp the checks as for proof of receipt. The checks are then posted into the GEAC and SHARE Financial Accounting Systems, and in the Accounts Receivable log. All checks are required to be deposited within the 24 hours of receipt. An Accounts Receivable Bureau was established within ASD to help effectuate this process. We expect all checks to be deposited within the appropriate timeframe in the future.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Summary Schedule of Prior Year Audit Findings

- 02-03 Trust Funds – Risk Management Division (Significant Deficiency) – Resolved
- 04-01 General Ledger Reconciliation (Material Weakness) – Repeated and Modified
- 05-05 Significant Deficit in Net Asset Accounts – Resolved
- 05-06 Timely Completion of Accounting Function – Resolved
- 05-07 Budget Overages – Repeated and Modified
- 06-01 Incomplete Personnel Files (Reportable Condition) – Repeated and Modified
- 06-04 Missing Supporting Documentation (Material Weakness) – Resolved
- 06-06 Lack of Leave Approval Policy – Resolved
- 06-09 Lack of Credit Card Limit Authorization Policy – Resolved
- 06-10 Lack of Overtime Reporting – Repeated
- 06-14 Lack of Year-end Inventory Count (Material Weakness) – Resolved
- 06-16 Due To/Due From Funds Tracking – Resolved
- 06-17 Lack of Documentation for Operating Leases – Resolved
- 06-22 Capital Assets – Construction in Progress (Material Weakness) – Repeated
- 06-23 Lack of Allowance for Uncollectible Accounts – Resolved
- 06-24 Unpaid Reversions to State General Fund – Resolved
- 06-25 Fund Balance Deficits – Resolved
- 07-01 Journal Entry Approval (Significant Deficiency) – Repeated and Modified

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Exit Conference

An exit conference was held with the Department on December 10, 2009. The conference was held at the offices of the General Services Department in Santa Fe, New Mexico. In attendance were:

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT

Arturo Jaramillo, Cabinet Secretary
Robert Andermann, ASD Director
Pamelya Herndon, Deputy Secretary
Nasiba Alimova, Budget Director
Mary Martinez, Accounts Receivable Bureau Chief
Cindy Hudzik, Accountant/Auditor
Peggy Martinez, RMD – Finance Bureau Chief
Elisa Bally, General Ledger Bureau Chief
George McGeorge, Deputy Director of Finance
Melanie Sharpe, Budget Analyst
Angie Alire, TSD Financial Manager
James Chavez, TSD Director
Manuel Sanchez, Office Manager
David Simpson, BSD Director
Bill Taylor, PCD Director
Larry Miller, PCD Deputy Director

MEYNER + COMPANY, LLC

Georgie Ortiz, CPA, CGFM, Principal
Raul J. Anaya, CPA, CGFM, Manager
Jason T. Shaw, CPA, Staff Accountant

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditor's Report. Management reviewed and approved the financial statements.