

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT
Santa Fe, New Mexico**

**FINANCIAL STATEMENTS
June 30, 2012**

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**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
OFFICIAL ROSTER
June 30, 2012**

Office of the Secretary

Ed Burckle, Cabinet Secretary

Mike Unthank, Deputy Cabinet Secretary

Division Directors

Karen Baltzley, Information Services Division

Michelle Aubel, Administrative Services Division

Mike Unthank, Risk Management Division, Transportation Services Division

George Morgan, Building Services Division

Chuck Gara, Property Control Division

Lawrence Maxwell, Purchasing Division

Bob Mesch, State Printing Division



CliftonLarsonAllen LLP
500 Marquette NW, Suite 800
Albuquerque, NM 87102
505-842-8290 | fax 505-842-1568
www.cliftonlarsonallen.com

Independent Auditors' Report

Mr. Ed Burckle, 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, 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, 2012, 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, fiduciary funds, and the budgetary comparisons for the major capital project funds and enterprise funds and non-major governmental and enterprise funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, 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.

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 agency'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.

As discussed in Note 2 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, 2012, 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.

In our opinion, the financial statements referred to previously 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the major capital project and enterprise funds and the non-major governmental and enterprise funds 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 14, 2012 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
December 14, 2012

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

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, 2012. 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, 2012. 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.

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.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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 have a short-term focus. 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:

The 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 the proceeds of specific revenue sources. 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 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.

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, outflows 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.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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, 2012. Total Department net assets for fiscal year 2012 were \$420,334,867. The negative unrestricted balance is the result of the large deficit net assets of the risk funds offsetting the positive amounts of capital assets. 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, 2012 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. As a result of the recording of actuarially estimated losses from claims, the following risk funds have negative fund balances:

Public Liability Fund	\$ (146,211,097)
Workers' Compensation Retention	\$ (29,360,368)
State Unemployment Compensation	\$ (6,701,938)

The larger part of the Department's restricted net assets (67.69%) 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 \$(466,605,122) deficit of unrestricted net assets indicates there are not sufficient resources on hand to pay claims against the state in future years. The decrease in unrestricted net assets in 2012 is a result of additional claims reserves recorded during the year, which caused an overall decrease to net assets of \$(120,061,770).

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Amount Change</u>	<u>Total % Change</u>
Assets:				
Current assets	\$ 156,833,560	\$ 186,799,965	\$ (29,966,405)	-16%
Capital assets, net	<u>572,825,235</u>	<u>560,311,796</u>	<u>12,513,439</u>	2%
Total assets	<u>\$ 729,658,795</u>	<u>\$ 747,111,761</u>	<u>\$ (17,452,966)</u>	-2%
Liabilities:				
Current liabilities	\$ 125,151,770	\$ 114,133,548	\$ 11,018,222	10%
Long-term liabilities	<u>184,172,158</u>	<u>92,581,576</u>	<u>91,590,582</u>	99%
Total liabilities	309,323,928	206,715,124	102,608,804	50%
Net assets:				
Invested in capital assets	572,825,235	560,311,796	12,513,439	2%
Restricted	314,114,754	204,276,179	109,838,575	54%
Unrestricted	<u>(466,605,122)</u>	<u>(224,191,338)</u>	<u>(242,413,784)</u>	108%
Total net assets	<u>420,334,867</u>	<u>540,396,637</u>	<u>(120,061,770)</u>	-22%
Total liabilities and net assets	<u>\$ 729,658,795</u>	<u>\$ 747,111,761</u>	<u>\$ (17,452,966)</u>	-2%

Changes in Net Assets: The Department's change in net assets for fiscal year FY12 was a decrease of \$(120,061,770) (Table A-2). The change is the difference between total program revenues, general revenues and the total cost of all programs and services. The decrease indicates the Department's financial position as a whole has declined from the previous fiscal year, primarily because of the recording of a large claims reserve during the year.

A major portion of the Department's revenues came from program revenues. Approximately 90% of total revenues came from service fees and insurance premiums collected from all state agencies, participating local public bodies and their employees. Only 10% 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 \$574,136,708, 62% of this amount, or \$358,577,915, 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. \$169,040,068, or 29%, of the total cost pertains to public liability administration and claims payments.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Amount Change</u>	<u>Total % Change</u>
Revenues:				
Program revenues:				
Capital grants and contributions	\$ 4,705,871	\$ 11,829,234	\$ (7,123,363)	-60%
Charges for services	7,415,116	11,290,499	(3,875,383)	-34%
Risk management	<u>397,894,813</u>	<u>402,128,917</u>	<u>(4,234,104)</u>	-1%
Total program revenues	410,015,800	425,248,650	(15,232,850)	-4%
General revenues	<u>44,059,138</u>	<u>73,344,416</u>	<u>(29,285,278)</u>	-40%
Total revenues	454,074,938	498,593,066	(44,518,128)	-9%
Expenses:				
Employee group benefits	358,577,915	335,916,494	22,661,421	7%
Risk management	169,040,068	66,317,330	102,722,738	155%
Other expenses	<u>46,518,725</u>	<u>52,055,133</u>	<u>(5,536,408)</u>	-11%
Total expenses	<u>574,136,708</u>	<u>454,288,957</u>	<u>119,847,751</u>	26%
Change in net assets	(120,061,770)	44,304,109	(164,365,879)	-371%
Net assets, beginning of year	<u>540,396,637</u>	<u>496,092,528</u>	<u>44,304,109</u>	9%
Net assets, end of year	<u>\$ 420,334,867</u>	<u>\$ 540,396,637</u>	<u>\$ (120,061,770)</u>	-22%

Governmental Activities: Revenues of governmental activities decreased to \$48,705,007. This decrease was largely due to decreases in ARRA funding as it was the final year of the program, and significantly less severance tax bond proceeds received due to fewer capital projects taking place during the year.

The cost of all governmental activities this year decreased to \$29,718,650. This decrease was due to fewer capital projects and less program support activity during the current year.

Business-type Activities: The cost of all business-type activities was \$544,418,058. Those who benefited from the services funded 100% of the cost.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Financial Analysis of the Department's Funds

Governmental Funds: Combined revenues and net financing sources from governmental fund types totaled \$53,734,288, a decrease of (62)% from the preceding year.

Expenditures from governmental funds totaled \$50,161,239, a decrease of (43)% from fiscal year 2011. The decrease in total governmental expenditures is primarily due to a decrease in capital project activity during the current year.

Proprietary Funds: Operating revenues and net non-operating revenues of the Department's business-type activities decreased 2% from the previous year to \$405,369,931. The decrease in revenues was due to a decrease in premiums for risk liability funds.

Expenses increased 29% to \$544,418,058. The increase occurred primarily because of increases to claims reserves for the risk liability funds.

Budget Comparisons

General Fund: For FY12, total actual revenues of \$13,316,919 varied from budgeted revenues by \$13,019. Total expenditures were \$417,607 under budget due to proper budgeting by the Department throughout the year.

Capital Assets and Debt Management

Capital Assets: The Department's investment in capital assets increased by \$12,513,439 in 2012 (see Note 6), primarily due to increased activity in capital projects.

Long-term Debt: The Department does not hold any long-term debt but does hold long-term liabilities consisting of compensated absences payable and claims payable of \$184,172,158.

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 four 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 Public Liability. Rate adjustments and reallocation of costs, which are currently in process, will help eliminate these losses.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

The Risk Management Advisory Board recommends that all Risk Management funds maintain 50 percent soundness (Assets/Estimated Outstanding Losses). The risk public liability fund based on total assets of \$44,397,418 and estimated outstanding losses and other liabilities of \$190,608,515 shows the public liability fund to be 23% sound.

Requests for Information

This financial report is designed to provide a general overview of the Department's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department's Administrative Services Division, PO Box 6850, Santa Fe, New Mexico 87502.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Investment in the State General Fund			
Investment Pool	\$ 32,021,615	\$ 115,948,902	\$ 147,970,517
Receivables:			
Interest receivable	4,496	21,836	26,332
Accounts/trade receivable	-	5,786,056	5,786,056
Allowance for doubtful accounts	-	(3,316,174)	(3,316,174)
Due from (to) other funds	16,176	(16,176)	-
Due from other agencies	5,829,731	-	5,829,731
Other assets	4,609	428	5,037
Inventories	212,945	319,116	532,061
Total current assets	38,089,572	118,743,988	156,833,560
NON-CURRENT ASSETS			
Capital assets	946,101,228	31,683,467	977,784,695
Less accumulated depreciation	(379,027,109)	(25,932,351)	(404,959,460)
Total non-current assets	567,074,119	5,751,116	572,825,235
 TOTAL ASSETS	 <u>\$ 605,163,691</u>	 <u>\$ 124,495,104</u>	 <u>\$ 729,658,795</u>

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
CURRENT LIABILITIES			
Bank overdraft	\$ 2,725,694	\$ 501,718	\$ 3,227,412
Claims payable	-	100,349,703	100,349,703
Accounts payable	4,515,460	15,028,428	19,543,888
Deferred revenue	258,012	-	258,012
Accrued payroll	441,483	430,958	872,441
Due to State General Fund	333,165	-	333,165
Due to other agencies	-	6,208	6,208
Accrued compensated absences	236,987	323,954	560,941
Total current liabilities	8,510,801	116,640,969	125,151,770
LONG-TERM LIABILITIES			
Claims payable	-	184,165,539	184,165,539
Compensated absences payable	481	6,138	6,619
Total liabilities	8,511,282	300,812,646	309,323,928
NET ASSETS			
Invested in capital assets	567,074,119	5,751,116	572,825,235
Restricted for:			
Insurance/claims	-	284,515,242	284,515,242
Capital projects	29,602,813	-	29,602,813
Unrestricted	(24,523)	(466,583,900)	(466,608,423)
Total net assets	596,652,409	(176,317,542)	420,334,867
TOTAL LIABILITIES AND NET ASSETS	\$ 605,163,691	\$ 124,495,104	\$ 729,658,795

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS				
GOVERNMENTAL ACTIVITIES				
Program support	\$ 7,470,647	\$ 1,112,760	\$ -	\$ -
Procurement services	3,122,515	-	-	-
Business office space management/maintenance	90,937	-	-	-
Capital projects	19,034,551	-	-	4,705,871
Total governmental activities	<u>29,718,650</u>	<u>1,112,760</u>	<u>-</u>	<u>4,705,871</u>
BUSINESS-TYPE ACTIVITIES				
Program support	8,546,904	1,166,324	-	-
Risk management	169,040,068	68,251,190	-	-
Employee group benefits	358,577,915	329,643,623	-	-
Transportation services	8,253,171	5,237,891	-	-
Total business-type activities	<u>544,418,058</u>	<u>404,299,028</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 574,136,708</u>	<u>\$ 405,411,788</u>	<u>\$ -</u>	<u>\$ 4,705,871</u>

	Net (Expenses) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
	\$ (6,357,887)	\$ -	\$ (6,357,887)
	(3,122,515)	-	(3,122,515)
	(90,937)	-	(90,937)
	<u>(14,328,680)</u>	<u>-</u>	<u>(14,328,680)</u>
	(23,900,019)	-	(23,900,019)
	-	(7,380,580)	(7,380,580)
	-	(100,788,878)	(100,788,878)
	-	(28,934,292)	(28,934,292)
	<u>-</u>	<u>(3,015,280)</u>	<u>(3,015,280)</u>
	<u>-</u>	<u>(140,119,030)</u>	<u>(140,119,030)</u>
	<u>(23,900,019)</u>	<u>(140,119,030)</u>	<u>(164,019,049)</u>
GENERAL REVENUES			
Transfers:			
Intra-agency transfers	(228,357)	228,357	-
Severance tax bond proceeds	28,587,992	-	28,587,992
Appropriations - General Fund	13,303,900	-	13,303,900
Reversions - General Fund	(498,748)	-	(498,748)
Other State agency transfers, net	5,193,440	(2,368,895)	2,824,545
Interest income	31,122	189,930	221,052
Gain (loss) on disposal	(5,029,281)	3,021,511	(2,007,770)
Other miscellaneous revenue	<u>1,526,308</u>	<u>-</u>	<u>1,526,308</u>
Total general revenues	<u>42,886,376</u>	<u>1,070,903</u>	<u>43,957,279</u>
CHANGE IN NET ASSETS	18,986,357	(139,048,127)	(120,061,770)
NET ASSETS, BEGINNING	<u>577,666,052</u>	<u>(37,269,415)</u>	<u>540,396,637</u>
NET ASSETS, ENDING	<u>\$ 596,652,409</u>	<u>\$ (176,317,542)</u>	<u>\$ 420,334,867</u>

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	<u>Major Funds</u>				<u>Total Governmental</u>
	<u>General Fund</u>	<u>Capital Buildings Repair Fund</u>	<u>Laws of 2006</u>	<u>Other Governmental Funds</u>	
ASSETS					
Investment in the State General Fund Investment Pool	\$ 1,434,609	\$ 18,387,521	\$ 730,985	\$ 11,468,500	\$ 32,021,615
Receivables:					
Interest	-	3,721	-	775	4,496
Due from other funds	23,060	-	31,224	5,652	59,936
Due from other agencies	-	-	302,189	5,527,542	5,829,731
Other assets	1,308	-	-	3,301	4,609
Inventories	<u>212,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,945</u>
TOTAL ASSETS	<u>\$ 1,671,922</u>	<u>\$ 18,391,242</u>	<u>\$ 1,064,398</u>	<u>\$ 17,005,770</u>	<u>\$ 38,133,332</u>
LIABILITIES					
Bank overdraft	\$ -	\$ -	\$ -	\$ 2,725,694	\$ 2,725,694
Accounts payable	704,676	106,237	806,138	2,898,409	4,515,460
Deferred revenue	-	-	258,012	-	258,012
Accrued payroll	416,748	-	-	24,735	441,483
Due to other funds	4,636	-	-	39,124	43,760
Due to State General Fund	332,917	-	248	-	333,165
Due to other agencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,458,977</u>	<u>106,237</u>	<u>1,064,398</u>	<u>5,687,962</u>	<u>8,317,574</u>
FUND BALANCE					
Nonspendable:					
Inventories	212,945	-	-	-	212,945
Restricted	-	18,285,005	-	11,317,808	29,602,813
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>212,945</u>	<u>18,285,005</u>	<u>-</u>	<u>11,317,808</u>	<u>29,815,758</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,671,922</u>	<u>\$ 18,391,242</u>	<u>\$ 1,064,398</u>	<u>\$ 17,005,770</u>	<u>\$ 38,133,332</u>

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

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2012**

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS (GOVERNMENTAL FUND BALANCE SHEET)	\$ 29,815,758
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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:	946,101,228
Accumulated depreciation is:	<u>(379,027,109)</u>

Total capital assets	567,074,119
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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>(237,468)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES - (STATEMENT OF NET ASSETS)	<u>\$ 596,652,409</u>
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The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	<u>Major Funds</u>				<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Laws of</u>	<u>Other</u>	
	<u>Fund</u>	<u>Buildings</u>	<u>2006</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Repair Fund</u>		<u>Funds</u>	
REVENUES					
Service fees/premiums	\$ -	\$ 186,273	\$ -	\$ 926,487	\$ 1,112,760
Federal funds	-	-	-	4,705,871	4,705,871
Interest income	-	25,811	-	5,311	31,122
Other	13,019	-	-	1,513,289	1,526,308
Total revenues	<u>13,019</u>	<u>212,084</u>	<u>-</u>	<u>7,150,958</u>	<u>7,376,061</u>
EXPENDITURES					
Current expenditures:					
Personnel services	5,024,310	-	-	534,049	5,558,359
Employee benefits	1,801,205	-	-	148,862	1,950,067
In-state travel	2,025	-	-	2,836	4,861
Maintenance and repairs	2,269,937	567,124	199,285	885,599	3,921,945
Supplies	142,649	-	-	14,591	157,240
Contractual services	309,962	-	-	-	309,962
Operating costs	3,107,468	-	-	15,047	3,122,515
Other costs	-	-	-	86,076	86,076
Capital outlay	24,000	3,227,943	13,226,480	18,571,791	35,050,214
Total expenditures	<u>12,681,556</u>	<u>3,795,067</u>	<u>13,425,765</u>	<u>20,258,851</u>	<u>50,161,239</u>
EXCESS (DEFICIENCY) OF					
REVENUES OVER (UNDER)					
EXPENDITURES	<u>(12,668,537)</u>	<u>(3,582,983)</u>	<u>(13,425,765)</u>	<u>(13,107,893)</u>	<u>(42,785,178)</u>
OTHER FINANCING					
SOURCES (USES)					
Severance tax bond proceeds	-	-	13,522,128	15,065,864	28,587,992
Intra-agency transfer	(204,737)	(14,910)	(48,923)	40,213	(228,357)
Transfers:					
General and special appropriations	13,303,900	-	-	-	13,303,900
Reversions to State General Fund	(441,940)	-	(47,440)	(9,368)	(498,748)
Other State agency transfers, net	-	5,193,440	-	-	5,193,440
NET OTHER FINANCING					
SOURCES (USES)	<u>12,657,223</u>	<u>5,178,530</u>	<u>13,425,765</u>	<u>15,096,709</u>	<u>46,358,227</u>
NET CHANGE IN					
FUND BALANCES	(11,314)	1,595,547	-	1,988,816	3,573,049
FUND BALANCES, BEGINNING OF YEAR	<u>224,259</u>	<u>16,689,458</u>	<u>-</u>	<u>9,328,992</u>	<u>26,242,709</u>
FUND BALANCES, END OF YEAR	<u>\$ 212,945</u>	<u>\$ 18,285,005</u>	<u>\$ -</u>	<u>\$ 11,317,808</u>	<u>\$ 29,815,758</u>

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

**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, 2012**

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES)	\$ 3,573,049
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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:	37,779
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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	35,050,214
Depreciation expense	<u>(14,645,404)</u>

Excess of depreciation expense over capital outlay	<u>20,404,810</u>
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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:	<u>(5,029,281)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (STATEMENT OF ACTIVITIES)	\$ <u>18,986,357</u>
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The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
MAJOR GOVERNMENTAL FUND - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2012

	GENERAL FUND - TOTAL			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Appropriations	\$ 13,303,900	\$ 13,303,900	\$ 13,303,900	\$ -
Interest	-	-	-	-
Other revenues	-	-	13,019	13,019
Other financing sources	-	-	-	-
Total revenue	13,303,900	13,303,900	13,316,919	\$ 13,019
FUND BALANCE	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE BUDGETED	<u>\$ 13,303,900</u>	<u>\$ 13,303,900</u>		
EXPENDITURES				
Personal services and employee benefits	\$ 6,673,100	\$ 6,673,100	6,625,515	\$ 47,585
Contractual services	212,300	212,300	199,962	12,338
Other	6,201,800	6,201,800	5,856,079	345,721
Other financing uses	216,700	216,700	204,737	11,963
TOTAL EXPENDITURES	<u>\$ 13,303,900</u>	<u>\$ 13,303,900</u>	12,886,293	\$ 417,607
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES)			430,626	
NON-BUDGETED RECONCILING ITEMS				
Reversions to State General Fund			(441,940)	
NET CHANGE IN FUND BALANCE			(11,314)	
FUND BALANCE, BEGINNING OF YEAR			224,259	
FUND BALANCE, END OF YEAR			<u>\$ 212,945</u>	

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF NET ASSETS - ENTERPRISE FUNDS
June 30, 2012

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Investment in the		
State General Fund Investment Pool	\$ 44,354,218	\$ 13,082,437
Receivables:		
Interest receivable	9,346	2,927
Accounts/trade receivable	505,214	923,961
Allowance for doubtful accounts	(504,214)	(923,961)
Due from other funds	32,854	494
Due from other agencies	-	-
Other assets	-	-
Inventories	-	-
	<u> </u>	<u> </u>
Total current assets	44,397,418	13,085,858
Non-current assets:		
Capital assets	-	-
Accumulated depreciation	-	-
	<u> </u>	<u> </u>
Total non-current assets	-	-
	<u> </u>	<u> </u>
 TOTAL ASSETS	 \$ 44,397,418	 \$ 13,085,858

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
\$ 6,717,324	\$ 37,925,177	\$ 13,869,746	\$ 115,948,902
-	7,454	2,109	21,836
796,892	-	3,559,989	5,786,056
(92,360)	-	(1,795,639)	(3,316,174)
18,420	-	2,797,656	2,849,424
-	-	-	-
214	-	214	428
-	-	319,116	319,116
7,440,490	37,932,631	18,753,191	121,609,588
27,281,411	-	4,402,056	31,683,467
(23,773,794)	-	(2,158,557)	(25,932,351)
3,507,617	-	2,243,499	5,751,116
<u>\$ 10,948,107</u>	<u>\$ 37,932,631</u>	<u>\$ 20,996,690</u>	<u>\$ 127,360,704</u>

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

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF NET ASSETS - ENTERPRISE FUNDS (CONTINUED)**

June 30, 2012

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
LIABILITIES		
Current liabilities:		
Bank overdraft	\$ -	\$ -
Claims payable	37,935,310	9,698,947
Accounts payable	1,394,568	161,814
Deferred revenue	-	-
Accrued payroll	-	-
Due to other funds	-	-
Due to other agencies	-	-
Accrued compensated absences	-	-
	<u> </u>	<u> </u>
Total current liabilities	39,329,878	9,860,761
Long-term liabilities:		
Claims payable	151,278,637	32,585,465
Compensated absences payable	-	-
	<u> </u>	<u> </u>
TOTAL LIABILITIES	190,608,515	42,446,226
NET ASSETS		
Invested in capital assets	-	-
Restricted for:		
Insurance/claims	189,213,947	42,284,412
Unrestricted	<u>(335,425,044)</u>	<u>(71,644,780)</u>
Total net assets	<u>(146,211,097)</u>	<u>(29,360,368)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 44,397,418</u>	<u>\$ 13,085,858</u>

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
\$ -	\$ -	\$ 501,718	\$ 501,718
-	40,154,259	12,561,187	100,349,703
353,892	10,492,581	2,625,573	15,028,428
-	-	-	-
58,262	-	372,696	430,958
-	494	2,865,106	2,865,600
-	-	6,208	6,208
46,434	-	277,520	323,954
458,588	50,647,334	19,210,008	119,506,569
-	-	301,437	184,165,539
1,334	-	4,804	6,138
459,922	50,647,334	19,516,249	303,678,246
3,507,617	-	2,243,499	5,751,116
-	40,154,259	12,862,624	284,515,242
6,980,568	(52,868,962)	(13,625,682)	(466,583,900)
10,488,185	(12,714,703)	1,480,441	(176,317,542)
<u>\$ 10,948,107</u>	<u>\$ 37,932,631</u>	<u>\$ 20,996,690</u>	<u>\$ 127,360,704</u>

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - ENTERPRISE FUNDS
Year Ended June 30, 2012

	35700	35900
	Public	Workers'
	Liability	Compensation
	Retention	
	<hr/>	<hr/>
OPERATING REVENUES		
Service for premiums	\$ 31,582,575	\$ 18,809,812
Federal funds	-	-
Interest income	74,685	24,670
Other revenue	-	-
	<hr/>	<hr/>
Total operating revenues	31,657,260	18,834,482
 OPERATING EXPENSES		
Personnel services	-	-
Employee benefits	-	-
In-state travel	348	1,170
Out-of-state travel	-	-
Maintenance and repairs	1,000	-
Supplies	30,633	39,763
Contractual services	13,758,901	1,959,912
Depreciation	-	-
Operating costs	107,589	32,434
Other costs	115,633,351	24,657,402
	<hr/>	<hr/>
Total operating expenses	129,531,822	26,690,681
Operating loss	<u>(97,874,562)</u>	<u>(7,856,199)</u>
 NON-OPERATING REVENUES (EXPENSES)		
Gain on disposal of capital assets	-	-
Intra-agency transfers	(3,962,229)	(964,900)
Transfers:		
General appropriations	-	-
Other state agency transfers	-	-
Other state funds	-	-
	<hr/>	<hr/>
Total non-operating revenues (expenses)	(3,962,229)	(964,900)
 CHANGE IN NET ASSETS	(101,836,791)	(8,821,099)
 NET ASSETS (DEFICIT), BEGINNING	<u>(44,374,306)</u>	<u>(20,539,269)</u>
 NET ASSETS (DEFICIT), ENDING	<u>\$ (146,211,097)</u>	<u>\$ (29,360,368)</u>

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
\$ 4,439,237	\$ 314,943,556	\$ 33,728,519	\$ 403,503,699
-	-	-	-
-	70,400	20,175	189,930
<u>3,077</u>	<u>-</u>	<u>792,252</u>	<u>795,329</u>
4,442,314	315,013,956	34,540,946	404,488,958
677,845	-	5,130,168	5,808,013
490,939	-	1,967,611	2,458,550
6,704	3,652	8,979	20,853
1,470	-	7,222	8,692
1,185,766	375	133,235	1,320,376
48,298	25,104	358,089	501,887
-	17,778,856	4,289,835	37,787,504
2,383,736	-	243,899	2,627,635
2,538,821	-	24,741,507	27,420,351
<u>13,146</u>	<u>323,269,002</u>	<u>2,891,296</u>	<u>466,464,197</u>
<u>7,346,725</u>	<u>341,076,989</u>	<u>39,771,841</u>	<u>544,418,058</u>
<u>(2,904,411)</u>	<u>(26,063,033)</u>	<u>(5,230,895)</u>	<u>(139,929,100)</u>
150,062	-	2,871,449	3,021,511
(277,580)	(1,626,700)	7,059,766	228,357
-	-	-	-
-	-	(2,368,895)	(2,368,895)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(127,518)</u>	<u>(1,626,700)</u>	<u>7,562,320</u>	<u>880,973</u>
(3,031,929)	(27,689,733)	2,331,425	(139,048,127)
<u>13,520,114</u>	<u>14,975,030</u>	<u>(850,984)</u>	<u>(37,269,415)</u>
<u>\$ 10,488,185</u>	<u>\$ (12,714,703)</u>	<u>\$ 1,480,441</u>	<u>\$ (176,317,542)</u>

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
Year Ended June 30, 2012

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u>Retention</u>
OPERATING ACTIVITIES		
Fees received	\$ 31,758,084	\$ 18,866,933
Other income	-	-
Cash paid to suppliers	(31,365,969)	(19,569,309)
Cash paid to employees	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	392,115	(702,376)
NON-CAPITAL FINANCING ACTIVITIES		
Appropriation from/reversion to State General Fund	-	-
Transfers	<u>(3,962,229)</u>	<u>(964,900)</u>
Net cash provided by (used in) non-capital financing activities	(3,962,229)	(964,900)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	-	-
Proceeds from the sale 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>-</u>
NET INCREASE (DECREASE) IN CASH	(3,570,114)	(1,667,276)
CASH, BEGINNING OF YEAR	<u>47,924,332</u>	<u>14,749,713</u>
CASH, END OF YEAR	<u>\$ 44,354,218</u>	<u>\$ 13,082,437</u>

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
\$ 5,177,744	\$ 315,014,027	\$ 32,546,266	\$ 403,363,054
3,077	-	-	3,077
(4,044,739)	(342,189,791)	(28,537,659)	(425,707,467)
<u>(1,154,263)</u>	<u>-</u>	<u>(7,062,725)</u>	<u>(8,216,988)</u>
(18,181)	(27,175,764)	(3,054,118)	(30,558,324)
-	-	-	-
<u>(277,580)</u>	<u>(1,626,700)</u>	<u>4,690,871</u>	<u>(2,140,538)</u>
(277,580)	(1,626,700)	4,690,871	(2,140,538)
-	-	(102,139)	(102,139)
150,062	-	3,208,248	3,358,310
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
150,062	-	3,106,109	3,256,171
(145,699)	(28,802,464)	4,742,862	(29,442,691)
<u>6,863,023</u>	<u>66,727,641</u>	<u>9,126,884</u>	<u>145,391,593</u>
<u>\$ 6,717,324</u>	<u>\$ 37,925,177</u>	<u>\$ 13,869,746</u>	<u>\$ 115,948,902</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS (CONTINUED)
Year Ended June 30, 2012

	35700	35900
	Public	Workers'
	Liability	Compensation
	Retention	
	<hr/>	<hr/>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Operating income (loss)	(97,874,562)	(7,856,199)
Adjustments:		
Depreciation	-	-
Decrease (increase) in assets:		
Accounts receivable and due from other agencies and funds	100,824	32,451
Inventories	-	-
Other assets	-	-
Increase (decrease) in liabilities:		
Claims payable	98,074,071	7,252,932
Accounts payable and due to other agencies and funds	91,782	(131,560)
Accrued expenses	-	-
Accrued compensated absences	-	-
	<hr/>	<hr/>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 392,115	\$ (702,376)

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
(2,904,411)	(26,063,033)	(5,230,895)	(139,929,100)
2,383,736	-	243,899	2,627,635
738,300	71	(3,954,486)	(3,082,840)
-	-	36,526	36,526
1	-	30,850	30,851
-	-	473,147	105,800,150
-	465,821	-	-
(250,328)	(1,578,623)	5,311,787	3,443,058
16,428	-	106,396	122,824
(1,907)	-	(71,342)	(73,249)
<u>\$ (18,181)</u>	<u>\$ (27,175,764)</u>	<u>\$ (3,054,118)</u>	<u>\$ (30,558,324)</u>

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

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2012**

	<u>Agency Funds</u>
ASSETS	
Investment in the State General Fund Investment Pool	\$ <u>78,221</u>
TOTAL ASSETS	\$ <u><u>78,221</u></u>
LIABILITIES	
Accounts payable	\$ 78,071
Deposits held in custody for others	<u>150</u>
TOTAL LIABILITIES	\$ <u><u>78,221</u></u>

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 – DEFINITION OF REPORTING ENTITY

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; capital projects and improvements; central purchasing; and printing.

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, Property Control, Risk Management, State Purchasing and Transportation. Overall support is provided by the Administrative Services Division and the Office of the Secretary.

The Department had no component units during the year ended June 30, 2012.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

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.

Financial Reporting Entity

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,

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

Government-wide Financial Statements

The government-wide financial statements, i.e., the statement of net assets and the statement of activities, report information on all of the non-fiduciary funds of the Department and exclude fiduciary funds. 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.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, classified as follows: nonspendable, restricted, committed, assigned and unassigned. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the government fund types:

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 or debt service) that are restricted or committed to expenditures for specific purposes.

Capital Projects Funds – Capital Projects funds are used to account for financial resources that are restricted, committed or assigned 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.

State Transportation Pool – provides transportation for all state agencies in the Santa Fe and Albuquerque, New Mexico areas.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2010, Chapter 6, Section 3, item M, "For the purpose of administering the General Appropriation Act of 2010 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.

Receivables

All accounts/trade receivables represent uncollected insurance premiums or fees for services rendered to external parties. Receivables in excess of 120 days comprise the Department's allowance for doubtful accounts.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 – 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.

Use of Restricted Resources

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Department's policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Department's policy to spend committed resources first.

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 12-6-10, 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.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Subsequent Events

Management evaluated subsequent events through December 14, 2012, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2012, but prior to December 14, 2012, that provided additional evidence about conditions that existed at June 30, 2012 have been recognized in the financial statements for the year ended June 30, 2012. Events or transactions that provided evidence about conditions that did not exist at June 30, 2012, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2012.

NOTE 3 – STATE GENERAL FUND INVESTMENT POOL NOT RECONCILED

In June 2012, an independent expert diagnostic report revealed that the State General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human resources, Accounting, and management REporting (SHARE) system in July of 2006. The Diagnostic report is available in the Resources section of the Cash Control page of the New Mexico Department of Finance & Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx. The document title is, "Current State Diagnostic of Cash Control".

The General Fund Investment Pool is the State of New Mexico's main operating account. State revenues, such as income taxes, sales taxes, rents and royalties, and other recurring revenues, are credited to the State General Fund Investment Pool. The fund also comprises numerous State agency accounts whose assets, by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury.

As of June 30, 2012, the State General Fund Investment Pool has not been reconciled at the business unit/fund level. Essentially, independent, third-party verification/confirmation of the Department's balances at the business unit/fund level is not possible. Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) is taking aggressive action to resolve this serious problem. DFA/FCD has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

The purpose of the Remediation Project is to design and implement the changes necessary to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices and banking structure. It is the understanding of Management that these changes will allow for the

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 – STATE GENERAL FUND INVESTMENT POOL NOT RECONCILED (CONTINUED)

completion of a timely and accurate reconciliation on a *point-forward basis only*. The scheduled implementation date for the changes associated with the Remediation Project is February 1, 2013. An approach and plan to address the population of historical reconciling items will be developed during the Remediation Project, but a separate initiative will be undertaken to resolve the historical reconciling items.

The initial phase of the Remediation Project, completed on October 11, 2012, focused on developing a project plan and documenting current statewide business processes. The work product of the initial phase of the Remediation Project is a document entitled, "Cash Management Plan and Business Processes". This document is available on the Cash Control page of the New Mexico Department of Finance & Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

The Department has established daily and monthly procedures that mitigate the risk of misstatement of the Department's balances within the State General Fund Investment Pool. In addition, as required by Section 6-5-2.1 (J) NMSA 1978, DFA/FCD is to complete, on a monthly basis, reconciliation with the balances and accounts kept by the state treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

NOTE 4 - INTEREST IN THE STATE GENERAL FUND INVESTMENT POOL

State law (Section 8-6-3 NMSA 1978) requires the Department's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Department consist of an interest in the State General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

At June 30, 2012 the Department had the following invested in the State General Fund Investment Pool:

State General Fund Investment Pool: \$148,048,738

Interest Rate Risk

The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk

The New Mexico State Treasurer pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2012.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 4 - INTEREST IN THE STATE GENERAL FUND INVESTMENT POOL (CONTINUED)

The fair value of the investments maintained at the New Mexico State Treasurer's Office are as follows at June 30, 2012:

Investment	Balance, June 30, 2012
New Mexico State Treasurer's Office	
General Fund Investment Pool (Primary Government)	\$ 147,970,517
Agency Fund Total	78,221
Total	\$ 148,048,738

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.

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.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 - INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES

	Due From Other Funds.	Due To Other Funds
Governmental Funds:		
General Fund – 17400	\$ 23,060	\$ 4,636
Laws of 2006 – 64100	31,224	-
Other Governmental Funds	<u>5,652</u>	<u>39,124</u>
Total Governmental Funds	<u>59,936</u>	<u>43,760</u>
Enterprise Funds:		
Public Liability – 35700	32,854	-
Workers Compensation Retention - 35900	494	-
State Transportation Pool – 36500	18,420	-
Group Insurance Premium Stabilization – 75200	2,797,656	494
Other Enterprise Funds	<u>-</u>	<u>2,865,106</u>
Total Enterprise Funds	<u>2,849,424</u>	<u>2,865,600</u>
Total All Funds	<u>\$ 2,909,360</u>	<u>\$ 2,909,360</u>

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

Due from other state agencies as of June 30, 2012 are as follows:

Due From Other State Agencies	Fund No.	Amount	Due From Agency/ Purpose	Fund No.	Amount
Laws of 2006	64100	\$ 302,189	DFA/Severance Tax Draw	01900	\$ 302,189
ARRA	89000	853,792	EMNRD/Fed. Reimburse.	89000	853,792
Laws of 2003	30600	-	DFA/Severance Tax Draw	01900	-
STB Projects	89200	<u>4,673,750</u>	DFA/Severance Tax Draw	01900	<u>4,673,750</u>
Total All Funds		<u>\$5,829,731</u>			<u>\$5,829,731</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
June 30, 2012

NOTE 6 - CAPITAL ASSETS

Governmental-type Activities	Balance, June 30, 2011	Additions
Building and improvements	\$ 623,631,926	\$ -
Machinery	1,213,187	75,299
Construction in progress	<u>267,938,502</u>	<u>34,189,188</u>
Total	892,783,615	34,264,487
Accumulated depreciation:		
Buildings and improvements	(363,591,437)	(14,577,424)
Machinery and equipment	<u>(940,577)</u>	<u>(67,980)</u>
Total accumulated depreciation	(364,532,014)	(14,645,404)
Land	<u>23,446,989</u>	<u>785,727</u>
Net total	<u><u>\$ 551,698,590</u></u>	<u><u>\$ 20,404,810</u></u>

Depreciation expense of \$14,645,404 was charged to the Capital Projects function.

\$7,857,867 was reclassified from construction in progress to buildings and improvements, as projects were completed.

Transfers	Deletions	Balance, June 30, 2012
\$ 7,857,867	\$ (1,527,255)	\$ 629,962,538
-	(152,335)	1,136,151
<u>(7,857,867)</u>	<u>-</u>	<u>294,269,823</u>
-	(1,679,590)	925,368,512
-	-	(378,168,861)
<u>-</u>	<u>150,309</u>	<u>(858,248)</u>
-	150,309	(379,027,109)
<u>-</u>	<u>(3,500,000)</u>	<u>20,732,716</u>
<u>\$ -</u>	<u>\$ (5,029,281)</u>	<u>\$ 567,074,119</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Business-type Activities Capital Assets

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

Business-type Activities	Balance, June 30, 2011	Additions	Adjustments/ Deletions	Balance, June 30, 2012
Aircraft, autos and trucks	\$ 37,593,751	\$ -	\$ (7,936,034)	\$ 29,657,717
Buildings and improvements	1,798	-	-	1,798
Furniture and fixtures	49,843	-	-	49,843
Machinery and equipment	<u>1,891,969</u>	<u>102,140</u>	<u>(20,000)</u>	<u>1,974,109</u>
Total	39,537,361	102,140	(7,956,034)	31,683,467
Accumulated depreciation:				
Aircraft, autos and trucks	(29,071,164)	(2,608,614)	7,619,022	(24,060,756)
Buildings and improvements	(1,678)	(72)	-	(1,750)
Furniture and fixtures	(49,843)	-	-	(49,843)
Machinery and equipment	<u>(1,801,470)</u>	<u>(18,949)</u>	<u>417</u>	<u>(1,820,002)</u>
Total accumulated depreciation	(30,924,155)	(2,627,635)	7,619,439	(25,932,351)
Land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total	<u>\$ 8,613,206</u>	<u>\$ (2,525,495)</u>	<u>\$ (336,595)</u>	<u>\$ 5,751,116</u>

Depreciation expense of \$2,601,587 was charged to Transportation Services and \$26,048 was charged to Program Support.

NOTE 7 - LEASES (ENTERPRISE FUNDS)

Operating Leases

Lease expenditures/expenses for the year ended June 30, 2012 totaled \$2,560,494. 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.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 - LEASES (ENTERPRISE FUNDS) (CONTINUED)

The following is a schedule by year of future minimum lease payments for various buildings, copiers and vehicles at June 30, 2012:

Years ending June 30:

2013	\$ 2,592,374
2014	1,849,452
2015	286,799
2016	89,397
2017 and thereafter	<u>-</u>
Total	<u>\$ 4,818,022</u>

NOTE 8 - 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. 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.

Insurance claims payable of \$284,515,242 were reported by the Department through June 30, 2012. 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, 2012 and the date the claims are ultimately expected to be paid.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 8 - INSURANCE CLAIMS PAYABLE (ENTERPRISE FUNDS) (CONTINUED)

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, 2011</u>	<u>Incurred (Net of Actuarial Provision)</u>	<u>Payments</u>	<u>Balance June 30, 2012</u>
35300 - State Unemployment	\$ 8,382,387	\$11,745,723	\$ (11,048,031)	\$ 9,080,079
35400 - Local Public Body	1,676,477	2,812,541	(2,446,000)	2,043,018
35600 - Public Property Reserve	2,316,206	4,981,840	(5,572,926)	1,725,120
35700 - Public Liability	91,139,876	115,466,251	(17,392,180)	189,213,947
35800 - Surety Bond	14,407	10,000	(10,000)	14,407
35900 - Workers' Compensation	35,031,480	24,601,307	(17,348,375)	42,284,412
75200 - Group Insurance Premium	<u>39,688,438</u>	<u>321,222,860</u>	<u>(320,757,039)</u>	<u>40,154,259</u>
Net Total	<u>\$178,249,271</u>	<u>\$480,840,522</u>	<u>\$(374,574,551)</u>	<u>\$284,515,242</u>

<u>Fund</u>	<u>Balance June 30, 2010</u>	<u>Incurred (Net of Actuarial Provision)</u>	<u>Payments</u>	<u>Balance June 30, 2011</u>
35300 - State Unemployment	\$ 5,471,224	\$ 8,510,689	\$ (5,599,526)	\$ 8,382,387
35400 - Local Public Body	1,165,371	1,910,324	(1,399,218)	1,676,477
35600 - Public Property Reserve	1,804,064	7,676,332	(7,164,190)	2,316,206
35700 - Public Liability	97,576,920	20,168,152	(26,605,196)	91,139,876
35800 - Surety Bond	18,114	(3,707)	-	14,407
35900 - Workers' Compensation	34,260,393	16,610,400	(15,839,313)	35,031,480
75200 - Group Insurance Premium	<u>37,424,239</u>	<u>308,647,425</u>	<u>(306,383,226)</u>	<u>39,688,438</u>
Net Total	<u>\$177,720,325</u>	<u>\$363,519,615</u>	<u>\$(362,990,669)</u>	<u>\$178,249,271</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 9 - 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</u> <u>June 30, 2011</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts Due</u> <u>Within One Year</u>
<u>\$ 275,247</u>	<u>\$ 570,690</u>	<u>\$ (608,469)</u>	<u>\$ 237,468</u>	<u>\$ 236,987</u>

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

<u>Balance</u> <u>June 30, 2011</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts Due</u> <u>Within One Year</u>
<u>\$ 403,341</u>	<u>\$ 568,337</u>	<u>\$ (641,586)</u>	<u>\$ 330,092</u>	<u>\$ 323,954</u>

NOTE 10 - JOINT POWERS AGREEMENTS

The General Services Department entered into an agreement with the Office of the Governor for cooperative funding and representation for collective bargaining cases and negotiations. The Office of the Governor designated the State Personnel Director as the Governor's designee for preparation for collective bargaining negotiations. The State Personnel Office will administer a contract with a consultant to assess the current collective bargaining agreements, develop a strategy for negotiating the new agreements, and provide assistance with other labor issues. The term of this agreement is from May 23, 2011 and will remain in effect until terminated by the Office of the Governor, in writing.

The General Services Department Risk Management Division (GSD RMD) 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 GSD RMD pursuant to the New Mexico Tort Claims Act and GSD RMD's certificate of insurance with NMCD. The term is from July 1, 2008 to June 30, 2012, and is funded with \$987,384 in other state funds. The Department will pay any settlements authorized and any judgments resulting from trials.

The General Services Department Property Control Division (GSD/PCD) entered into an agreement with the New Mexico Commission for the Deaf and Hard of Hearing Persons (NMCDHH) to provide a mechanism for NMCDHH to pay for the professional services rendered for the design and construction of a deaf culture multipurpose center in Albuquerque, New Mexico. The total cost for the project was negotiated at \$86,580 and GSD/PCD will manage the project. The term of this agreement is from February 13, 2012 and will remain in effect until the satisfactory completion of the project.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 10 - JOINT POWERS AGREEMENTS (CONTINUED)

The GSD/PCD entered into an agreement with the Office of Archaeological Studies (OAS), a division of the Department of Cultural Affairs (DCA) for the purpose of providing a Research Design/Data Recovery Plan of the Archaeological Study of the Executive Office Building. The OAS will perform an archaeological study of the proposed site for the new Executive Office Building on the main Capitol Campus in Santa Fe, New Mexico, as required by state law because the proposed site is on state-owned land and the planned construction will be state funded. The agreement is funded with \$247,971 in funds from the New Mexico Laws of 2009, Chapter 114, Section 5, Item B. The term of this agreement is from October 21, 2011 and will remain in effect until after completion of the project and final inspection by PCD and DCA.

Participants	Responsible Party	Description	Term	Total Amount	Current Year Amount	Books Recorded
Office of the Governor/ GSD	State Personnel Office	See above	May 2011 until terminated by the Office of the Governor	\$682	\$682	GSD
NMCD/GSD	GSD	See above	July 2008 – June 2012	\$987,384	\$256,063	GSD
GSD/NMCDHH	NMCDHH	See above	February 2012 until completion of project	\$86,580	\$ -	GSD
GSD/OAS	OAS	See above	October 2011 until completion of project	\$247,971	\$ -	GSD

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE 11 - OPERATING TRANSFERS

Transfers between funds for the year ended June 30, 2012 are as follows:

	Governmental Funds				Total Governmental
	17400	86300	64100		
	General Fund	Capital Buildings Repair Fund	Laws of 2006	Other Governmental Funds	
Transfers In:					
Governmental Funds:					
Other Governmental Funds	\$ -	\$ (14,910)	\$ (48,923)	\$ 63,833	\$ -
	-	(14,910)	(48,923)	63,833	-
Enterprise Funds:					
Other Enterprise Funds	(204,737)	-	-	(23,620)	(228,357)
Net Transfers In (Out)	<u>\$ (204,737)</u>	<u>\$ (14,910)</u>	<u>\$ (48,923)</u>	<u>\$ 40,213</u>	<u>\$ (228,357)</u>

Transfers Out

Enterprise Funds						
35700	35900	36500	75200			
Public Liability	Workers' Compensation Retention	State Transportation Pool	Group Insurance Premium Stabilization	Other Enterprise Funds	Total Enterprise Funds	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
(3,962,229)	(964,900)	(277,580)	(1,626,700)	7,059,766	228,357	-
<u>\$ (3,962,229)</u>	<u>\$ (964,900)</u>	<u>\$ (277,580)</u>	<u>\$ (1,626,700)</u>	<u>\$ 7,059,766</u>	<u>\$ 228,357</u>	<u>\$ -</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE 11 - OPERATING TRANSFERS (CONTINUED)

Transfers from (to) other state agencies for the year ended June 30, 2012 are as follows:

<u>State Agency Name - Agency Number</u>	<u>Agency Fund Number</u>	<u>Governmental Funds</u>	
		<u>64100</u>	<u>86300</u>
		<u>Laws of 2006</u>	<u>Capital Projects Repair Fund</u>
Dept. of Finance & Administration - 34100	31200	\$ -	\$ -
Legislative Council Service - 11100	39400	-	5,193,440
		<u>\$ -</u>	<u>\$ 5,193,440</u>

78500

Other Governmental Funds	Governmental Funds Subtotal
\$ -	\$ -
<u>-</u>	<u>5,193,440</u>
<u>\$ -</u>	<u>\$ 5,193,440</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 11 . OPERATING TRANSFERS (CONTINUED)

<u>State Agency Name - Agency Number</u>	<u>Agency Fund Number</u>	<u>41700 State Aircraft Pool</u>	<u>Enterprise Funds Subtotal</u>	<u>Total</u>
Dept. of Finance & Administration - 34100	85300	\$ (2,368,895)	\$ (2,368,895)	\$ (2,368,895)
Legislative Council Service - 11100	39400	-	-	5,193,440
		<u>\$ (2,368,895)</u>	<u>\$ (2,368,895)</u>	<u>\$ 2,824,545</u>

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 12 - REVERSIONS

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

		<u>Year of Appropriation</u>	
64100	Laws of 2006	2007	\$ 47,440
17400	General Fund	2012	441,940
78500	Property Control Reserve Fund	2012	9,353
36400	Laws of 2004	2009	<u>15</u>
Total			<u>\$ 498,748</u>

In accordance with statute Section 6-5-10(A) NMSA 1978, all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the SHARE system as of June 30 shall revert. A total of \$165,583 was paid to the State General Fund during the year. \$333,165 is payable at June 30, 2012, and due by September 30, 2012. This payable may be adjusted within 45 days of the release of this audit by the New Mexico Office of the State Auditor.

NOTE 13 - 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. 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 8.92% of their gross salary. The Department is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute 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 fiscal years ending June 30, 2012, 2011 and 2010 were \$1,389,755, \$1,689,687 and \$1,907,318, respectively, which equal the amount of the required contribution for each fiscal year.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 14 - 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. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013, the contribution rates for employees and employers will rise as follows:

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

**NOTE 14 - POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

For employees who are not members of an enhanced retirement plan, the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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, 2012, 2011 and 2010 were \$189,027, \$193,678 and \$160,855, respectively, which equal the required contributions for each year.

NOTE 15 - 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, 2012, have been included in the actuary's determination of "claims payable."

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
June 30, 2012**

NOTE 16 - FUND BALANCE/NET ASSET DEFICITS

The following funds had fund balance/net asset deficits at June 30, 2012:

Enterprise Funds:

35400	LBP Unemployment Compensation	\$ (484,100)
35700	Public Liability	\$(146,211,097)
35900	Workers' Compensation Retention	\$ (29,360,368)
35300	State Unemployment Compensation	\$ (6,701,938)
80600	State Printing	\$ (28,087)
75200	Group Insurance Premium Stabilization	\$ (12,714,703)

The Public Liability, State Unemployment Compensation and Workers' Compensation Retention funds are Risk Management funds that include claims liabilities (see Note 7, Insurance Claims Payable) based on future actuarial estimated losses from claims incurred that the affected funds would need to pay using June 30, 2012 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 and the State Unemployment Compensation funds are above 50 percent soundness, the Department is working on increasing insurance premium fees to help make the Workers' Compensation Retention fund reach this level.

NOTE 17 – FUND BALANCE

In the governmental fund financial statements, fund balances are classified as:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State.

Assigned – Amounts that are constrained by the Legislative and Executive branches' intent to be used for specific purposes or, in some cases, by legislation.

Unassigned – All amounts not included in other spendable classifications.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 17 – FUND BALANCE (CONTINUED)

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
86300 Capitol Building Repair Fund			
State Building Repair	\$ 18,285,005	\$ -	\$ -
12500 Administrative Costs			
Capital Projects	2,543,355	-	-
28600 Purchasing Division Fees			
Procurement Services	670,153	-	-
28700 Public Building Repair			
State Building Repair	2,338,320	-	-
58500 Procurement Assistance Program			
Program Support	5,983	-	-
78500 Property Control Reserve			
Capital Projects	3,775,881	-	-
28500 Tobacco Tax: DOH Facilities			
Capital Projects	1,698,672	-	-
35500 Laws of 1999			
Capital Projects	3,301	-	-
93100 General Fund Projects			
Capital Projects	<u>282,143</u>	<u>-</u>	<u>-</u>
	<u>\$ 29,602,813</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 18 – NEW GASB PRONOUNCEMENTS

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, improves financial reporting by addressing issues related to service concession arrangements. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, improves reporting for a governmental financial reporting entity by better defining the reporting entity and by addressing reporting issues that have arisen since the issuance of GASB 14 and 34. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, makes current accounting and reporting standards easier to find and understand. All three statements are effective for 2013.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

GENERAL FUND DESCRIPTION

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 is a reverting fund and 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
June 30, 2012

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
ASSETS			
Investment in State General Fund			
Investment Pool	\$ 5,589,820	\$ 5,878,680	\$ 11,468,500
Receivables:			
Interest receivable	-	775	775
Due from other funds	5,652	-	5,652
Due from other agencies	853,792	4,673,750	5,527,542
Other assets	-	3,301	3,301
Inventories	-	-	-
TOTAL ASSETS	<u>\$ 6,449,264</u>	<u>\$ 10,556,506</u>	<u>\$ 17,005,770</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Bank overdraft	\$ 18,816	\$ 2,706,878	\$ 2,725,694
Accounts payable	840,002	2,058,407	2,898,409
Deferred revenue	-	-	-
Accrued payroll	24,735	-	24,735
Due to other funds	7,900	31,224	39,124
Due to State General Fund	-	-	-
Due to other agencies	-	-	-
Total liabilities	<u>891,453</u>	<u>4,796,509</u>	<u>5,687,962</u>
FUND BALANCE			
Nonspendable:			
Inventories	-	-	-
Restricted	5,557,811	5,759,997	11,317,808
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>5,557,811</u>	<u>5,759,997</u>	<u>11,317,808</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,449,264</u>	<u>\$ 10,556,506</u>	<u>\$ 17,005,770</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, 2012**

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES			
Service fees/premiums	\$ 926,487	\$ -	\$ 926,487
Federal funds	4,705,871	-	4,705,871
Interest income	-	5,311	5,311
Other	-	1,513,289	1,513,289
	<u>5,632,358</u>	<u>1,518,600</u>	<u>7,150,958</u>
Total revenues			
EXPENDITURES			
Current:			
Personnel services	534,049	-	534,049
Employee benefits	148,862	-	148,862
In-state travel	2,836	-	2,836
Out-of-state travel	-	-	-
Maintenance and repairs	3,397	882,202	885,599
Supplies	9,999	4,592	14,591
Contractual services	-	-	-
Operating costs	73	14,974	15,047
Other costs	86,076	-	86,076
Capital outlay	4,532,925	14,038,866	18,571,791
	<u>5,318,217</u>	<u>14,940,634</u>	<u>20,258,851</u>
Total expenditures			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>314,141</u>	<u>(13,422,034)</u>	<u>(13,107,893)</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 (CONTINUED)
 Year Ended June 30, 2012**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
OTHER FINANCING SOURCES (USES):			
Severance tax bond proceeds	\$ -	\$ 15,065,864	\$ 15,065,864
Intra-agency transfer	40,213	-	40,213
Transfers:			
General appropriations	-	-	-
Reversions to State General Fund	-	(9,368)	(9,368)
Other state agency transfers	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	<u>40,213</u>	<u>15,056,496</u>	<u>15,096,709</u>
NET CHANGE IN FUND BALANCES	354,354	1,634,462	1,988,816
FUND BALANCES, BEGINNING OF YEAR	<u>5,203,457</u>	<u>4,125,535</u>	<u>9,328,992</u>
FUND BALANCES, END OF YEAR	<u>\$ 5,557,811</u>	<u>\$ 5,759,997</u>	<u>\$ 11,317,808</u>

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS DESCRIPTIONS:

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.

American Reinvestment and Recovery Act Fund (ARRA)

The American Reinvestment and Recovery Act Fund (Fund 89000, non-reverting) was administratively created by the Department of Finance and Administration for New Mexico state agencies to capture all financial activity related to the ARRA of 2009.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUES FUNDS
June 30, 2012

	12500	28600	28700	58500	89000	
	Administrative	Purchasing	Public	Procurement	American	
	Costs	Division	Buildings	Assistance	Reinvestment &	Total
	-	Fees	Repair	Program	Recovery Act	
ASSETS						
Investment in the State General Fund Investment Pool	\$ 2,543,836	\$ 700,249	\$ 2,339,752	\$ 5,983	\$ -	\$ 5,589,820
Receivables:						
Interest receivable	-	-	-	-	-	-
Due from other funds	-	1,494	-	-	4,158	5,652
Due from other agencies	-	-	-	-	853,792	853,792
Other assets	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,543,836	\$ 701,743	\$ 2,339,752	\$ 5,983	\$ 857,950	\$ 6,449,264
LIABILITIES						
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ 18,816	\$ 18,816
Accounts payable	481	584	1,432	-	837,505	840,002
Deferred revenue	-	-	-	-	-	-
Accrued payroll	-	23,106	-	-	1,629	24,735
Due to other funds	-	7,900	-	-	-	7,900
Due to State General Fund	-	-	-	-	-	-
Due to other agencies	-	-	-	-	-	-
Total liabilities	481	31,590	1,432	-	857,950	891,453
FUND BALANCES						
Nonspendable:						
Inventories	-	-	-	-	-	-
Restricted	2,543,355	670,153	2,338,320	5,983	-	5,557,811
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	2,543,355	670,153	2,338,320	5,983	-	5,557,811
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,543,836	\$ 701,743	\$ 2,339,752	\$ 5,983	\$ 857,950	\$ 6,449,264

**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, 2012**

	12500 Administrative Costs	28600 Purchasing Division Fees	28700 Public Buildings Repair	58500 Procurement Assistance Program	89000 American Reinvestment and Recovery Act	Total
REVENUES						
Service fees/premiums	\$ -	\$ 872,679	\$ 53,808	\$ -	\$ -	\$ 926,487
Federal funds	-	-	-	-	4,705,871	4,705,871
Interest income	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>872,679</u>	<u>53,808</u>	<u>-</u>	<u>4,705,871</u>	<u>5,632,358</u>
EXPENDITURES						
Current expenditures:						
Personnel services	-	388,207	-	-	145,842	534,049
Employee benefits	-	131,600	-	-	17,262	148,862
In-state travel	907	-	-	-	1,929	2,836
Out-of-state travel	-	-	-	-	-	-
Maintenance and repairs	-	-	-	-	3,397	3,397
Supplies	9,999	-	-	-	-	9,999
Contractual services	-	-	-	-	-	-
Operating costs	73	-	-	-	-	73
Other costs	35,898	45,662	-	-	4,516	86,076
Capital outlay	-	-	-	-	4,532,925	4,532,925
Total expenditures	<u>46,877</u>	<u>565,469</u>	<u>-</u>	<u>-</u>	<u>4,705,871</u>	<u>5,318,217</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	(46,877)	307,210	53,808	-	-	314,141
OTHER FINANCING SOURCES (USES)						
Severance tax bond proceeds	-	-	-	-	-	-
Intra-agency transfer	63,833	(23,620)	-	-	-	40,213
Transfers:						
General and special appropriations	-	-	-	-	-	-
Reversions to State General Fund	-	-	-	-	-	-
Other state agency transfers	-	-	-	-	-	-
Net other financing sources (uses)	<u>63,833</u>	<u>(23,620)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,213</u>
NET CHANGE IN FUND BALANCES						
	16,956	283,590	53,808	-	-	354,354
FUND BALANCES, BEGINNING						
	<u>2,526,399</u>	<u>386,563</u>	<u>2,284,512</u>	<u>5,983</u>	<u>-</u>	<u>5,203,457</u>
FUND BALANCES, ENDING						
	<u>\$ 2,543,355</u>	<u>\$ 670,153</u>	<u>\$ 2,338,320</u>	<u>\$ 5,983</u>	<u>\$ -</u>	<u>\$ 5,557,811</u>

MAJOR AND NON-MAJOR FUNDS

CAPITAL PROJECTS FUNDS DESCRIPTIONS:

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. Balances in this fund are non-reverting.

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 land, 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) - reverting
- 36400 Laws of 2004 - reverting
- 28500 2004 Tobacco Tax: DOH Facilities - reverting
- 97000 Laws of 2005 - reverting
- 30600 Laws of 2003 - reverting
- 24900 Laws of 2002 - reverting
- 76600 Laws of 2000 - reverting
- 35500 Laws of 1999 – reverting
- 89200 Severance Tax Bond (STB) Projects – reverting
- 93100 General Fund Projects - reverting

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
June 30, 2012

	78500	36400	28500	97000
	Property Control Reserve	Laws of 2004	Tobacco Tax: DOH Facilities	Laws of 2005
ASSETS				
Investment in the State General Fund Investment Pool	\$ 3,777,380	\$ -	\$ 1,698,672	\$ -
Receivables:				
Interest receivable	775	-	-	-
Due from other funds	-	-	-	-
Due from other agencies	-	-	-	-
Other assets	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 3,778,155	\$ -	\$ 1,698,672	\$ -
LIABILITIES				
Bank overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	2,274	-	-	-
Deferred revenue	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Due to State General Fund	-	-	-	-
Due to other agencies	-	-	-	-
Total liabilities	2,274	-	-	-
FUND BALANCES (DEFICIT)				
Nonspendable:				
Inventories	-	-	-	-
Restricted	3,775,881	-	1,698,672	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	3,775,881	-	1,698,672	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,778,155	\$ -	\$ 1,698,672	\$ -

30600	24900	76600	35500	89200	93100	
Laws of 2003	Laws of 2002	Laws of 2000	Laws of 1999	STB Projects	General Fund Projects	Total
\$ 4,695	\$ -	\$ -	\$ -	\$ -	\$ 397,933	\$ 5,878,680
-	-	-	-	-	-	775
-	-	-	-	-	-	-
-	-	-	-	4,673,750	-	4,673,750
-	-	-	3,301	-	-	3,301
-	-	-	-	-	-	-
<u>\$ 4,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,301</u>	<u>\$ 4,673,750</u>	<u>\$ 397,933</u>	<u>\$ 10,556,506</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,706,878	\$ -	\$ 2,706,878
-	-	-	-	1,940,343	115,790	2,058,407
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,695	-	-	-	26,529	-	31,224
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>4,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,673,750</u>	<u>115,790</u>	<u>4,796,509</u>
-	-	-	-	-	-	-
-	-	-	3,301	-	282,143	5,759,997
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,301</u>	<u>-</u>	<u>282,143</u>	<u>5,759,997</u>
<u>\$ 4,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,301</u>	<u>\$ 4,673,750</u>	<u>\$ 397,933</u>	<u>\$ 10,556,506</u>

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NON-MAJOR CAPITAL PROJECTS FUNDS**

Year Ended June 30, 2012

	78500 Property Control Reserve	36400 Laws of 2004	28500 Tobacco Tax: DOH Facilities	97000 Laws of 2005
REVENUES				
Service fees/premiums	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Interest income	5,311	-	-	-
Other	1,509,988	-	-	-
TOTAL REVENUES	<u>\$ 1,515,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Current:				
Personnel services	\$ -	\$ -	\$ -	\$ -
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance & repairs	-	-	-	-
Supplies	-	-	4,592	-
Contractual services	-	-	-	-
Operating costs	-	-	-	-
Other costs	-	-	-	-
Capital outlay	87,845	-	522,811	-
Total expenditures	<u>87,845</u>	<u>-</u>	<u>527,403</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,427,454	-	(527,403)	-
OTHER FINANCING SOURCES (USES)				
Severance tax bond proceeds	41,714	4,024	807,178	-
Intra-agency transfers	-	-	-	-
Transfers:				
General appropriations	-	-	-	-
Reversions to State General Fund	(9,353)	(15)	-	-
Other State agency transfers	-	-	-	-
Total other financing sources (uses)	<u>32,361</u>	<u>4,009</u>	<u>807,178</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,459,815	4,009	279,775	-
BEGINNING FUND BALANCES	<u>2,316,066</u>	<u>(4,009)</u>	<u>1,418,897</u>	<u>-</u>
ENDING FUND BALANCES	<u>\$ 3,775,881</u>	<u>\$ -</u>	<u>\$ 1,698,672</u>	<u>\$ -</u>

30600	24900	76600	35500	89200	93100	
Laws of 2003	Laws of 2002	Laws of 2000	Laws of 1999	STB Projects	General Fund Projects	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	5,311
-	-	-	3,301	-	-	1,513,289
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,518,600</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	882,202	-	882,202
-	-	-	-	-	-	4,592
-	-	-	-	-	-	-
-	-	-	-	14,974	-	14,974
-	-	-	-	-	-	-
-	-	-	-	13,311,323	116,887	14,038,866
-	-	-	-	14,208,499	116,887	14,940,634
-	-	-	3,301	(14,208,499)	(116,887)	(13,422,034)
-	4,449	-	-	14,208,499	-	15,065,864
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(9,368)
-	-	-	-	-	-	-
-	4,449	-	-	14,208,499	-	15,056,496
-	4,449	-	3,301	-	(116,887)	1,634,462
-	(4,449)	-	-	-	399,030	4,125,535
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,301</u>	<u>\$ -</u>	<u>\$ 282,143</u>	<u>\$ 5,759,997</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, 2012

	ADMINISTRATIVE COSTS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Budgeted fund balance	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	63,833	63,833
Total revenue	-	-	63,833	\$ 63,833
Fund balance	371,300	371,300		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	\$ 371,300	\$ 371,300		
EXPENDITURES				
Personnel services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	257,800	257,800	-	257,800
Other costs	113,500	113,500	46,877	66,623
Other uses	-	-	-	-
TOTAL EXPENDITURES	\$ 371,300	\$ 371,300	46,877	\$ 324,423
NET CHANGE IN FUND BALANCE			16,956	
FUND BALANCE, JULY 1, 2011			2,526,399	
FUND BALANCE, JUNE 30, 2012			\$ 2,543,355	

**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) (CONTINUED)
Year Ended June 30, 2012**

	PURCHASING DIVISION FEES			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
REVENUES				
Service fees	\$ 1,049,500	\$ 1,049,500	\$ 872,679	\$ (176,821)
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	1,049,500	1,049,500	872,679	\$ (176,821)
	<hr/>	<hr/>		
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 1,049,500</u>	<u>\$ 1,049,500</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ 513,000	\$ 513,000	509,807	\$ 3,193
Contractual services	458,500	458,500	10,000	448,500
Other costs	53,000	53,000	45,662	7,338
Other uses	25,000	25,000	23,620	1,380
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	<u>\$ 1,049,500</u>	<u>\$ 1,049,500</u>	<u>589,089</u>	<u>\$ 460,411</u>
NET CHANGE IN FUND BALANCE			283,590	
FUND BALANCE, JULY 1, 2011			<u>386,563</u>	
FUND BALANCE, JUNE 30, 2012			<u>\$ 670,153</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) (CONTINUED)
Year Ended June 30, 2012

	PUBLIC BUILDINGS REPAIR			
	<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	\$ -	\$ -	\$ 53,808	\$ 53,808
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	-	-	53,808	\$ 53,808
	<hr/>	<hr/>		
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCE			53,808	
FUND BALANCE, JULY 1, 2011			<u>2,284,512</u>	
FUND BALANCE, JUNE 30, 2012			<u>\$ 2,338,320</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) (CONTINUED)
Year Ended June 30, 2012

PROCUREMENT ASSISTANCE PROGRAM				
	<u>Budgeted Amounts</u>		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	-	-	-	\$ -
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCE				-
FUND BALANCE, JULY 1, 2011			<u>5,983</u>	
FUND BALANCE, JUNE 30, 2012			<u>\$ 5,983</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) (CONTINUED)
Year Ended June 30, 2012

AMERICAN REINVESTMENT AND RECOVERY ACT				
	<u>Budgeted Amounts</u>		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal revenue	\$ 16,947,772	\$ 17,747,772	\$ 4,705,871	\$ (12,241,901)
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	16,947,772	17,747,772	4,705,871	<u>\$ (12,241,901)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 16,947,772</u>	<u>\$ 17,747,772</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ 175,000	\$ 175,000	163,104	\$ 11,896
Contractual services	300,000	300,000	-	300,000
Other costs	16,472,772	17,272,772	4,542,767	12,730,005
Other uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 16,947,772</u>	<u>\$ 17,747,772</u>	<u>4,705,871</u>	<u>\$ 13,041,901</u>
NET CHANGE IN FUND BALANCE			-	
FUND BALANCE, JULY 1, 2011			-	
FUND BALANCE, JUNE 30, 2012			<u>\$ -</u>	

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2012**

PROPERTY CONTROL RESERVE FUND				
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ 902,498	\$ 902,498
Severance tax bond proceeds	1,500,000	-	778,735	(721,265)
Appropriations	-	-	-	-
Interest	-	5,311	31,996	31,996
Other revenues	6,685,000	1,509,988	1,686,477	(4,998,523)
Other financing sources	<u>24,988,000</u>	<u>41,714</u>	<u>1,531,805</u>	<u>(23,456,195)</u>
Total revenue	33,173,000	1,557,013	<u>\$ 4,931,511</u>	<u>\$ (28,241,489)</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 33,173,000</u>	<u>1,557,013</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	50,000	-	-	50,000
Other costs	32,992,725	87,845	3,313,643	29,679,082
Other uses	<u>130,275</u>	<u>-</u>	<u>120,275</u>	<u>10,000</u>
TOTAL EXPENDITURES	<u>\$ 33,173,000</u>	87,845	<u>\$ 3,433,918</u>	<u>\$ 29,739,082</u>
NON-BUDGETED RECONCILING ITEMS				
Reversions to State General Fund		<u>(9,353)</u>		
NET CHANGE IN FUND BALANCE		1,459,815		
FUND BALANCE, JULY 1, 2011		<u>2,316,066</u>		
FUND BALANCE, JUNE 30, 2012		<u>\$ 3,775,881</u>		

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012**

	LAWS OF 2004			
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	135,000	4,024	1,987,470	1,852,470
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	7,343,614	-	-	(7,343,614)
Other financing sources	-	-	-	-
Total revenue	<u>7,478,614</u>	<u>4,024</u>	<u>\$ 1,987,470</u>	<u>\$ (5,491,144)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 7,478,614</u>	<u>4,024</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	7,309,219	-	1,405,140	5,904,079
Other uses	169,395	-	147,103	22,292
TOTAL EXPENDITURES	<u>\$ 7,478,614</u>	<u>-</u>	<u>\$ 1,552,243</u>	<u>\$ 5,926,371</u>
NON-BUDGETED RECONCILING ITEMS				
Reversions to State General Fund		<u>(15)</u>		
NET CHANGE IN FUND BALANCE		4,009		
FUND BALANCE, JULY 1, 2011		<u>(4,009)</u>		
FUND BALANCE, JUNE 30, 2012		<u>\$ -</u>		

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012**

TOBACCO TAX: DOH FACILITIES				
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	49,491,819	807,178	26,500,542	(22,991,277)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	9,669,135	9,669,135
Total revenue	49,491,819	807,178	\$ 36,169,677	\$ (13,322,142)
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	\$ 49,491,819	807,178		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	48,093,777	527,403	36,304,272	11,789,505
Other uses	398,042	-	124,495	273,547
TOTAL EXPENDITURES	\$ 48,491,819	527,403	\$ 36,428,767	\$ 12,063,052
NET CHANGE IN FUND BALANCE		279,775		
FUND BALANCE, JULY 1, 2011		1,418,897		
FUND BALANCE, JUNE 30, 2012		\$ 1,698,672		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	LAWS OF 2005			
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	-	-	349	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	-	-	<u>\$ 349</u>	<u>\$ -</u>
Fund balance	<hr/>	<hr/>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ -</u>	<hr/>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	<u>\$ -</u>	<hr/>	<u>\$ -</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES)				
		-		
NON-BUDGETED RECONCILING ITEMS				
Reversions of capital project funds		<hr/>		
NET CHANGE IN FUND BALANCE		<u>\$ -</u>		

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012**

	LAWS OF 2003			
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
	Amounts	(Budgetary Basis)	(Budgetary Basis)	Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	2,824,403	-	1,389,754	(1,434,649)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	8,880	8,880
Other financing sources	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	2,824,403	-	<u>\$ 1,398,634</u>	<u>\$ (1,425,769)</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 2,824,403</u>	<u>-</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	2,824,403	-	1,264,914	1,559,489
Other uses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 2,824,403</u>	<u>-</u>	<u>\$ 1,264,914</u>	<u>\$ 1,559,489</u>
NET CHANGE IN FUND BALANCE		-		
FUND BALANCE, JULY 1, 2011				
FUND BALANCE, JUNE 30, 2012		<u>\$ -</u>		

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012**

	LAWS OF 2002			
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ 308,854	\$ 308,854
Severance tax bond proceeds	4,551,849	4,449	(6,030,303)	(10,582,152)
Appropriations	-	-	(6,760,438)	(6,760,438)
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	4,551,849	4,449	<u>\$ (12,481,887)</u>	<u>\$ (17,033,736)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 4,551,849</u>	<u>4,449</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	4,523,849	-	606,828	3,917,021
Other uses	28,000	-	-	28,000
TOTAL EXPENDITURES	<u>\$ 4,551,849</u>	<u>-</u>	<u>\$ 606,828</u>	<u>\$ 3,945,021</u>
NON-BUDGETED RECONCILING ITEMS				
Reversions of capital project funds		-		
NET CHANGE IN FUND BALANCE		4,449		
FUND BALANCE, JULY 1, 2011		<u>(4,449)</u>		
FUND BALANCE, JUNE 30, 2012		<u>\$ -</u>		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	LAWS OF 2000			
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts Budgetary Basis	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	-	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ -</u>	-		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCE		-		
FUND BALANCE, JULY 1, 2011		-		
FUND BALANCE, JUNE 30, 2012		<u>\$ -</u>		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	LAWS OF 1999			
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	198,620	-	24,060	(174,560)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	3,301	3,301	3,301
Other financing sources	-	-	-	-
	-	-	-	-
Total revenue	198,620	3,301	<u>\$ 27,361</u>	<u>\$ (171,259)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 198,620</u>	<u>3,301</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	198,620	-	24,060	174,560
Other uses	-	-	-	-
	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 198,620</u>	<u>-</u>	<u>\$ 24,060</u>	<u>\$ 174,560</u>
NON-BUDGETED RECONCILING ITEMS				
Reversions of capital project funds		-		
NET CHANGE IN FUND BALANCE		3,301		
FUND BALANCE, JULY 1, 2011		-		
FUND BALANCE, JUNE 30, 2012		<u>\$ 3,301</u>		

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012**

	SEVERANCE TAX BOND PROJECTS			
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	99,425,314	14,208,499	14,208,499	(85,216,815)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	99,425,314	14,208,499	<u>\$ 14,208,499</u>	<u>\$ (85,216,815)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 99,425,314</u>	<u>14,208,499</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	98,289,714	14,208,499	14,208,499	84,081,215
Other uses	1,135,600	-	-	1,135,600
TOTAL EXPENDITURES	<u>\$ 99,425,314</u>	<u>14,208,499</u>	<u>\$ 14,208,499</u>	<u>\$ 85,216,815</u>
NET CHANGE IN FUND BALANCE				-
FUND BALANCE, JULY 1, 2011				-
FUND BALANCE, JUNE 30, 2012		<u>\$ -</u>		

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012**

	GENERAL FUND PROJECTS			
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	443,644	-	-	(443,644)
Other financing sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	443,644	-	<u>\$ -</u>	<u>\$ (443,644)</u>
Fund balance	<hr/>	<hr/>		
	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 443,644</u>	<hr/>		
	-	-		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	443,644	116,887	116,887	326,757
Other uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	<u>\$ 443,644</u>	<u>116,887</u>	<u>\$ 116,887</u>	<u>\$ 326,757</u>
NET CHANGE IN FUND BALANCE		(116,887)		
FUND BALANCE, JULY 1, 2011		<hr/>		
		399,030		
FUND BALANCE, JUNE 30, 2012		<u>\$ 282,143</u>		

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012**

	CAPITOL BUILDING REPAIR			
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ 186,273	\$ 2,106,897	\$ 186,273
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	25,811	186,334	25,811
Other revenues	35,148,431	-	1,107	(35,148,431)
Other financing sources	-	5,193,440	20,302,668	5,193,440
	<u>35,148,431</u>	<u>5,405,524</u>	<u>\$ 22,597,006</u>	<u>\$ (29,742,907)</u>
Total revenue				
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 35,148,431</u>	<u>5,405,524</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	414,360	-	-	414,360
Other costs	34,461,872	3,795,067	19,045,676	15,416,196
Other uses	272,199	14,910	135,749	136,450
	<u>35,148,431</u>	<u>3,809,977</u>	<u>\$ 19,181,425</u>	<u>\$ 15,967,006</u>
TOTAL EXPENDITURES				
NET CHANGE IN FUND BALANCE		1,595,547		
FUND BALANCE, JULY 1, 2011		<u>16,689,458</u>		
FUND BALANCE, JUNE 30, 2012		<u>\$ 18,285,005</u>		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	LAWS OF 2006			
	Life-to-Date Budgeted Amounts	FY12 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	-	-	82,217,977	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	164,354,004	-	6,151	(164,354,004)
Other financing sources	-	13,522,128	55,368,494	13,522,128
	<u>-</u>	<u>13,522,128</u>	<u>55,368,494</u>	<u>13,522,128</u>
Total revenue	164,354,004	13,522,128	<u>\$ 137,592,622</u>	<u>\$ (150,831,876)</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$164,354,004</u>	<u>13,522,128</u>		
EXPENDITURES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	160,838,377	13,425,765	138,570,853	22,267,524.00
Other uses	3,515,627	96,363	3,463,274	52,353.00
	<u>3,515,627</u>	<u>96,363</u>	<u>3,463,274</u>	<u>52,353.00</u>
TOTAL EXPENDITURES	<u>\$164,354,004</u>	<u>13,522,128</u>	<u>\$ 142,034,127</u>	<u>\$ 22,319,877</u>
NET CHANGE IN FUND BALANCE		-		
FUND BALANCE, JULY 1, 2011		<u>-</u>		
FUND BALANCE, JUNE 30, 2012		<u>\$ -</u>		

MAJOR AND NON-MAJOR FUNDS

ENTERPRISE FUNDS DESCRIPTIONS:

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.

Communications Division

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.

MAJOR AND NON-MAJOR FUNDS

ENTERPRISE FUNDS DESCRIPTIONS - continued:

Risk Management Division - continued

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 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.

MAJOR AND NON-MAJOR FUNDS

ENTERPRISE FUNDS DESCRIPTIONS - continued:

Risk Management Division - continued

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.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING STATEMENT OF NET ASSETS - NON-MAJOR ENTERPRISE FUNDS
June 30, 2012

	19700	36000	41700	80600
	<u>Administrative Services Division</u>	<u>Surplus Property Bureau</u>	<u>State Aircraft Pool</u>	<u>State Printing</u>
ASSETS				
CURRENT ASSETS				
Investment in the State General Fund Investment Pool	\$ 619,706	\$ 209,365	\$ 576,160	\$ -
Receivables:				
Interest receivable	-	-	-	-
Accounts/trade receivables	8,107	3,065	51,969	319,621
Allowance for doubtful accounts	(65)	(50)	(16,617)	(20,590)
Due from other funds	-	1,139	1,993	-
Due from other agencies	-	-	-	-
Other assets	-	-	-	-
Inventories	<u>24,576</u>	<u>-</u>	<u>-</u>	<u>294,540</u>
Total current assets	<u>652,324</u>	<u>213,519</u>	<u>613,505</u>	<u>593,571</u>
NON-CURRENT ASSETS				
Capital assets	162,348	119,613	2,490,444	1,463,974
Accumulated depreciation	<u>(70,703)</u>	<u>(118,103)</u>	<u>(376,190)</u>	<u>(1,428,245)</u>
Total non-current assets	<u>91,645</u>	<u>1,510</u>	<u>2,114,254</u>	<u>35,729</u>
TOTAL ASSETS	<u>\$ 743,969</u>	<u>\$ 215,029</u>	<u>\$ 2,727,759</u>	<u>\$ 629,300</u>

35200 Risk Management Operating Account	35300 State Unemployment Compensation Reserve	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance Program	35600 Public Property Reserve	Total
\$ 2,174,006	\$ 4,104,769	\$ 800,322	\$ 2,549,234	\$143,176	\$ 2,693,008	\$ 13,869,746
-	781	185	523	-	620	2,109
-	1,792,559	805,660	251,709	-	327,299	3,559,989
-	(619,658)	(805,660)	(5,700)	-	(327,299)	(1,795,639)
152,592	-	1,152,829	-	-	1,489,103	2,797,656
-	-	-	-	-	-	-
214	-	-	-	-	-	214
-	-	-	-	-	-	319,116
<u>2,326,812</u>	<u>5,278,451</u>	<u>1,953,336</u>	<u>2,795,766</u>	<u>143,176</u>	<u>4,182,731</u>	<u>18,753,191</u>
165,677	-	-	-	-	-	4,402,056
(165,316)	-	-	-	-	-	(2,158,557)
<u>361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,243,499</u>
<u>\$ 2,327,173</u>	<u>\$ 5,278,451</u>	<u>\$ 1,953,336</u>	<u>\$ 2,795,766</u>	<u>\$143,176</u>	<u>\$ 4,182,731</u>	<u>\$ 20,996,690</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING STATEMENT OF NET ASSETS - NON-MAJOR ENTERPRISE FUNDS (CONTINUED)
June 30, 2012

	19700	36000	41700	80600
	<u>Administrative Services Division</u>	<u>Surplus Property Bureau</u>	<u>State Aircraft Pool</u>	<u>State Printing</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities:				
Bank overdraft	\$ -	\$ -	\$ -	\$ 501,718
Claims payable	-	-	-	-
Accounts payable	252,048	23,362	25,582	82,541
Deferred revenue	-	-	-	-
Accrued payroll	121,563	23,557	8,773	43,913
Due to other funds	223,174	-	-	-
Due to other agencies	-	53	6,155	-
Accrued compensated absences	92,199	22,466	20,544	29,215
Total current liabilities	<u>688,984</u>	<u>69,438</u>	<u>61,054</u>	<u>657,387</u>
LONG-TERM LIABILITIES				
Claims payable	-	-	-	-
Compensated absences payable	-	-	4,350	-
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>4,350</u>	<u>-</u>
Total liabilities	<u>688,984</u>	<u>69,438</u>	<u>65,404</u>	<u>657,387</u>
NET ASSETS				
Invested in capital assets	91,645	1,510	2,114,254	35,729
Restricted for insurance/claims	-	-	-	-
Unrestricted	<u>(36,660)</u>	<u>144,081</u>	<u>548,101</u>	<u>(63,816)</u>
Total net assets	<u>54,985</u>	<u>145,591</u>	<u>2,662,355</u>	<u>(28,087)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 743,969</u>	<u>\$ 215,029</u>	<u>\$ 2,727,759</u>	<u>\$ 629,300</u>

35200	35300	35400	35800	21500	35600	
Risk	State	LPB		Employee	Public	
Management	Unemployment	Unemployment	Surety	Assistance	Property	
Operating	Compensation	Compensation	Bond	Program	Reserve	Total
Account	Reserve					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 501,718
-	9,080,079	2,043,018	9,113	-	1,428,977	12,561,187
8,609	1,747,481	394,418	-	14,012	77,520	2,625,573
-	-	-	-	-	-	-
174,890	-	-	-	-	-	372,696
-	1,152,829	-	1,489,103	-	-	2,865,106
-	-	-	-	-	-	6,208
113,096	-	-	-	-	-	277,520
<u>296,595</u>	<u>11,980,389</u>	<u>2,437,436</u>	<u>1,498,216</u>	<u>14,012</u>	<u>1,506,497</u>	<u>19,210,008</u>
-	-	-	5,294	-	296,143	301,437
454	-	-	-	-	-	4,804
<u>454</u>	<u>-</u>	<u>-</u>	<u>5,294</u>	<u>-</u>	<u>296,143</u>	<u>306,241</u>
<u>297,049</u>	<u>11,980,389</u>	<u>2,437,436</u>	<u>1,503,510</u>	<u>14,012</u>	<u>1,802,640</u>	<u>19,516,249</u>
361	-	-	-	-	-	2,243,499
-	9,080,079	2,043,018	14,407	-	1,725,120	12,862,624
2,029,763	(15,782,017)	(2,527,118)	1,277,849	129,164	654,971	(13,625,682)
<u>2,030,124</u>	<u>(6,701,938)</u>	<u>(484,100)</u>	<u>1,292,256</u>	<u>129,164</u>	<u>2,380,091</u>	<u>1,480,441</u>
<u>\$ 2,327,173</u>	<u>\$ 5,278,451</u>	<u>\$ 1,953,336</u>	<u>\$2,795,766</u>	<u>\$143,176</u>	<u>\$ 4,182,731</u>	<u>\$ 20,996,690</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - NON-MAJOR ENTERPRISE FUNDS
Year Ended June 30, 2012

	19700	36000	41700	80600
	Administrative Services Division	Surplus Property Bureau	State Aircraft Pool	State Printing
OPERATING REVENUE				
Service fees/premiums	\$ 9,880	\$ 616,114	\$ -	\$ 1,149,193
Federal funds	-	-	-	-
Interest income	-	-	-	-
Other revenue	7,251	3,884	175,579	-
Total revenues	17,131	619,998	175,579	1,149,193
OPERATING EXPENSES				
Personnel services	1,752,150	289,765	265,065	570,690
Employee benefits	574,679	102,086	139,472	212,378
In-state travel	1,182	493	-	-
Out-of-state travel	1,149	-	6,073	-
Maintenance and repairs	1,187	240	125,720	123
Supplies	36,973	4,532	150	296,659
Contractual services	336,972	18,021	-	-
Depreciation	10,494	7,560	217,851	7,994
Operating costs	298,143	72,803	152,115	271,051
Other costs	-	38,187	-	-
Total expenses	3,012,929	533,687	906,446	1,358,895
Operating income (loss)	(2,995,798)	86,311	(730,867)	(209,702)
NON-OPERATING				
REVENUE (EXPENSE):				
Intra-agency transfers	3,033,631	(17,290)	(34,106)	-
Gain on disposal of capital assets	-	-	2,871,449	-
Transfers:				
General appropriations	-	-	-	-
Other state agency transfers	-	-	(2,368,895)	-
Other state funds	-	-	-	-
TOTAL NON-OPERATING	3,033,631	(17,290)	468,448	-
REVENUE (EXPENSE)	3,033,631	(17,290)	468,448	-
CHANGE IN NET ASSETS	37,833	69,021	(262,419)	(209,702)
NET ASSETS, BEGINNING OF YEAR	17,152	76,570	2,924,774	181,615
NET ASSETS, END OF YEAR	\$ 54,985	\$ 145,591	\$ 2,662,355	\$ (28,087)

35200 Risk Management Operating Account	35300 State Unemployment Compensation Reserve	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance Program	35600 Public Property Reserve	Total
\$ -	\$ 14,587,646	\$ 3,576,364	\$ 70,850	\$ 101,157	\$ 13,617,315	\$ 33,728,519
-	-	-	-	-	-	-
-	11,264	3,024	2,425	-	3,462	20,175
1,914	-	361,039	242,539	-	46	792,252
1,914	14,598,910	3,940,427	315,814	101,157	13,620,823	34,540,946
2,252,498	-	-	-	-	-	5,130,168
938,996	-	-	-	-	-	1,967,611
7,304	-	-	-	-	-	8,979
-	-	-	-	-	-	7,222
5,965	-	-	-	-	-	133,235
19,775	-	-	-	-	-	358,089
-	110,888	53,883	65,348	-	3,704,723	4,289,835
-	-	-	-	-	-	243,899
376,287	17,144,423	968,950	10,000	170,267	5,277,468	24,741,507
40,568	-	2,812,541	-	-	-	2,891,296
3,641,393	17,255,311	3,835,374	75,348	170,267	8,982,191	39,771,841
(3,639,479)	(2,656,401)	105,053	240,466	(69,110)	4,638,632	(5,230,895)
4,652,930	(33,298)	(53,701)	(28,299)	-	(460,101)	7,059,766
-	-	-	-	-	-	2,871,449
-	-	-	-	-	-	-
-	-	-	-	-	-	(2,368,895)
-	-	-	-	-	-	-
4,652,930	(33,298)	(53,701)	(28,299)	-	(460,101)	7,562,320
1,013,451	(2,689,699)	51,352	212,167	(69,110)	4,178,531	2,331,425
1,016,673	(4,012,239)	(535,452)	1,080,089	198,274	(1,798,440)	(850,984)
\$ 2,030,124	\$ (6,701,938)	\$ (484,100)	\$ 1,292,256	\$ 129,164	\$ 2,380,091	\$ 1,480,441

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
 COMBINING STATEMENT OF CASH FLOWS -
 NON-MAJOR ENTERPRISE FUNDS
 Year Ended June 30, 2012

	19700	36000	41700	80600
	Administrative Services Division	Surplus Property Bureau	State Aircraft Pool	State Printing
OPERATING ACTIVITIES				
Fees received	\$ 17,131	\$ 618,988	\$ 415,435	\$ 1,149,193
Other income			-	
Cash paid to suppliers	(306,199)	(144,345)	(323,610)	(375,791)
Cash paid to employees	<u>(2,313,319)</u>	<u>(376,877)</u>	<u>(421,818)</u>	<u>(773,402)</u>
Net cash provided by (used in) operating activities	(2,602,387)	97,766	(329,993)	-
NON-CAPITAL FINANCING ACTIVITIES				
Appropriation from/reversion to State General Fund	-	-	-	-
Transfers	<u>3,033,631</u>	<u>(17,290)</u>	<u>(2,403,001)</u>	<u>-</u>
Net cash provided by (used in) non-capital financing activities	3,033,631	(17,290)	(2,403,001)	-
CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(102,139)	-	-	-
Proceeds from the sale of capital assets	<u>-</u>	<u>-</u>	<u>3,188,459</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	(102,139)	-	3,188,459	-
NET INCREASE (DECREASE) IN CASH	329,105	80,476	455,465	-
CASH, BEGINNING OF YEAR	<u>290,601</u>	<u>128,889</u>	<u>120,695</u>	<u>-</u>
CASH, END OF YEAR	<u>\$ 619,706</u>	<u>\$ 209,365</u>	<u>\$ 576,160</u>	<u>\$ -</u>

35200 Risk Management Operating Account	35300 State Unemployment Compensation Reserve	35400 LPB Unemployment Program	35800 Surety Bond	21500 Employee Assistance Program	35600 Public Property Reserve	Total
\$ -	\$ 13,462,668	\$ 2,787,515	\$ 1,804,917	\$ 101,157	\$ 12,189,262	\$ 32,546,266
-						-
(626,167)	(13,659,633)	(3,074,415)	(321,783)	(156,255)	(9,549,461)	(28,537,659)
<u>(3,177,309)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,062,725)</u>
(3,803,476)	(196,965)	(286,900)	1,483,134	(55,098)	2,639,801	(3,054,118)
-	-	-	-	-	-	-
<u>4,652,930</u>	<u>(33,298)</u>	<u>(53,701)</u>	<u>(28,299)</u>	<u>-</u>	<u>(460,101)</u>	<u>4,690,871</u>
4,652,930	(33,298)	(53,701)	(28,299)	-	(460,101)	4,690,871
-	-	-	-	-	-	(102,139)
<u>19,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,208,248</u>
19,789	-	-	-	-	-	3,106,109
869,243	(230,263)	(340,601)	1,454,835	(55,098)	2,179,700	4,742,862
<u>1,304,763</u>	<u>4,335,032</u>	<u>1,140,923</u>	<u>1,094,399</u>	<u>198,274</u>	<u>513,308</u>	<u>9,126,884</u>
<u>\$ 2,174,006</u>	<u>\$ 4,104,769</u>	<u>\$ 800,322</u>	<u>\$ 2,549,234</u>	<u>\$ 143,176</u>	<u>\$ 2,693,008</u>	<u>\$ 13,869,746</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
 COMBINING STATEMENT OF CASH FLOWS -
 NON-MAJOR ENTERPRISE FUNDS (CONTINUED)
 Year Ended June 30, 2012

	19700	36000	41700	80600
	Administrative Services Division	Surplus Property Bureau	State Aircraft Pool	State Printing
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM				
OPERATING ACTIVITIES				
Operating income (loss)	(2,995,798)	86,311	(730,867)	(209,702)
Adjustments:				
Depreciation	10,494	7,560	217,851	7,994
(Increase) Decrease in assets:				
Accounts receivable, interest receivable and due from other agencies and funds	70,448	5,347	239,856	(149,842)
Inventories	(7,446)	-	-	43,972
Other assets	-	-	-	-
Increase (decrease) in liabilities:				
Insurance claim payable	-	-	-	-
Accounts payable and due to other agencies and funds	306,405	(16,426)	(39,552)	297,912
Accrued expenses	27,931	10,193	(3,331)	14,666
Accrued compensated absences	(14,421)	4,781	(13,950)	(5,000)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (2,602,387)</u>	<u>\$ 97,766</u>	<u>\$ (329,993)</u>	<u>\$ -</u>

35200 Risk Management Operating Account	35300 State Unemployment Compensation Reserve	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance Program	35600 Public Property Reserve	Total
(3,639,479)	(2,656,401)	105,053	240,466	(69,110)	4,638,632	(5,230,895)
-	-	-	-	-	-	243,899
(152,592)	(1,136,242)	(1,152,912)	(246,435)	-	(1,432,114)	(3,954,486)
-	-	-	-	-	-	36,526
30,850	-	-	-	-	-	30,850
-	697,692	366,541	-	-	(591,086)	473,147
(56,440)	2,897,986	394,418	1,489,103	14,012	24,369	5,311,787
56,937	-	-	-	-	-	106,396
(42,752)	-	-	-	-	-	(71,342)
<u>\$ (3,803,476)</u>	<u>\$ (196,965)</u>	<u>\$ (286,900)</u>	<u>\$ 1,483,134</u>	<u>\$ (55,098)</u>	<u>\$ 2,639,801</u>	<u>\$ (3,054,118)</u>

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2012**

ADMINISTRATIVE SERVICES DIVISION				
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service fees	\$ -	\$ -	\$ 9,880	\$ 9,880
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	7,251	7,251
Other financing sources	<u>3,321,000</u>	<u>3,321,000</u>	<u>3,033,631</u>	<u>(287,369)</u>
Total revenue	3,321,000	3,321,000	3,050,762	<u>\$ (270,238)</u>
Net asset balance	<u>200</u>	<u>200</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 3,321,200</u>	<u>\$ 3,321,200</u>		
EXPENSES				
Personal services and employee benefits	\$ 2,683,200	\$ 2,371,372	2,326,829	\$ 44,543
Contractual services	209,300	462,528	336,972	125,556
Other costs	428,500	487,100	338,634	148,466
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses before depreciation	<u>\$ 3,321,000</u>	<u>\$ 3,321,000</u>	3,002,435	<u>\$ 318,565</u>
Depreciation not budgeted			<u>10,494</u>	
Total expenses			<u>3,012,929</u>	
CHANGE IN NET ASSETS			37,833	
NET ASSETS, JULY 1, 2011			<u>17,152</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ 54,985</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

SURPLUS PROPERTY BUREAU				
	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	<u>Variance From</u> <u>Final Budget</u> Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service fees	\$ 591,800	\$ 591,800	\$ 616,114	\$ 24,314
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	3,884	3,884
Other financing sources	-	-	-	-
Total revenue	591,800	591,800	619,998	<u>\$ 28,198</u>
Net asset balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 591,800</u>	<u>\$ 591,800</u>		
EXPENSES				
Personal services and employee benefits	\$ 412,500	\$ 412,500	391,851	\$ 20,649
Contractual services	37,700	77,700	58,021	19,679
Other costs	123,300	83,300	76,255	7,045
Other uses	18,300	18,300	17,290	1,010
Total expenses before depreciation	<u>\$ 591,800</u>	<u>\$ 591,800</u>	543,417	<u>\$ 48,383</u>
Depreciation not budgeted			<u>7,560</u>	
Total expenses			<u>550,977</u>	
CHANGE IN NET ASSETS			69,021	
NET ASSETS, JULY 1, 2011			<u>76,570</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ 145,591</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	STATE AIRCRAFT POOL			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 1,092,000	\$ 1,092,000	\$ -	\$ (1,092,000)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	175,579	175,579
Other financing sources	-	-	-	-
Total revenue	<u>1,092,000</u>	<u>1,092,000</u>	175,579	<u>\$ (916,421)</u>
Net asset balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 1,092,000</u>	<u>\$ 1,092,000</u>		
EXPENSES				
Personal services and employee benefits	\$ 403,500	\$ 403,500	399,537	\$ 3,963
Contractual services	3,300	3,300	-	3,300
Other costs	649,100	649,100	289,058	360,042
Other uses	<u>36,100</u>	<u>36,100</u>	<u>34,106</u>	<u>1,994</u>
Total expenses before depreciation	<u>\$ 1,092,000</u>	<u>\$ 1,092,000</u>	722,701	<u>\$ 369,299</u>
Depreciation not budgeted			217,851	
Non-budgeted gain on disposal of capital assets			<u>(502,554)</u>	
Total expenses			<u>437,998</u>	
CHANGE IN NET ASSETS			(262,419)	
NET ASSETS, JULY 1, 2011			<u>2,924,774</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ 2,662,355</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	STATE PRINTING			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 1,928,400	\$ 1,928,400	\$ 1,149,193	\$ (779,207)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	1,928,400	1,928,400	1,149,193	<u>\$ (779,207)</u>
Net asset balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 1,928,400</u>	<u>\$ 1,928,400</u>		
EXPENSES				
Personal services and employee benefits	\$ 1,153,700	\$ 1,153,700	783,068	\$ 370,632
Contractual services	13,000	13,000	-	13,000
Other costs	669,400	669,400	567,833	101,567
Other uses	92,300	92,300	-	92,300
Total expenses before depreciation	<u>\$ 1,928,400</u>	<u>\$ 1,928,400</u>	1,350,901	<u>\$ 577,499</u>
Depreciation not budgeted			<u>7,994</u>	
Total expenses			<u>1,358,895</u>	
CHANGE IN NET ASSETS			(209,702)	
NET ASSETS, JULY 1, 2011			<u>181,615</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ (28,087)</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	RISK MANAGEMENT OPERATING ACCOUNT			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	1,914	1,914
Other financing sources	<u>6,732,700</u>	<u>6,732,700</u>	<u>4,652,930</u>	<u>(2,079,770)</u>
Total revenue	6,732,700	6,732,700	4,654,844	<u>\$ (2,077,856)</u>
Net asset balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 6,732,700</u>	<u>\$ 6,732,700</u>		
EXPENSES				
Personal services and employee benefits	\$ 4,030,800	\$ 4,030,800	3,191,494	\$ 839,306
Contractual services	-	-	-	-
Other costs	500,600	500,600	449,899	50,701
Other uses	<u>2,201,300</u>	<u>2,201,300</u>	<u>-</u>	<u>2,201,300</u>
Total expenses before depreciation	<u>\$ 6,732,700</u>	<u>\$ 6,732,700</u>	3,641,393	<u>\$ 3,091,307</u>
Depreciation not budgeted			<u>-</u>	
Total expenses			<u>3,641,393</u>	
CHANGE IN NET ASSETS			1,013,451	
NET ASSETS, JULY 1, 2011			<u>1,016,673</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ 2,030,124</u>	

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)**

Year Ended June 30, 2012

	<u>STATE UNEMPLOYMENT COMPENSATION RESERVE</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance From</u> <u>Final Budget</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service fees	\$21,203,700	\$21,203,700	\$ 14,587,646	\$ (6,616,054)
Appropriations	-	-	-	-
Interest	-	-	11,264	11,264
Other revenues	-	7,000,000	-	(7,000,000)
Other financing sources	-	-	-	-
Total revenue	21,203,700	28,203,700	14,598,910	<u>\$ (13,604,790)</u>
Net asset balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$21,203,700</u>	<u>\$28,203,700</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	200,000	200,000	110,888	89,112
Other costs	20,970,400	27,970,400	16,446,731	11,523,669
Other uses	33,300	33,300	33,298	2
Total expenses before depreciation	<u>\$21,203,700</u>	<u>\$28,203,700</u>	16,590,917	<u>\$ 11,612,783</u>
Depreciation not budgeted			-	
Claims reserves not budgeted			<u>697,692</u>	
Total expenses			<u>17,288,609</u>	
CHANGE IN NET ASSETS			(2,689,699)	
NET ASSETS, JULY 1, 2011			<u>(4,012,239)</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ (6,701,938)</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

LOCAL PUBLIC BODY UNEMPLOYMENT COMPENSATION				
	Budgeted Amounts		Actual Amounts	Variance From
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Service fees	\$ 3,559,000	\$ 3,559,000	\$ 3,576,364	\$ 17,364
Appropriations	-	-	-	-
Interest	-	-	3,024	3,024
Other revenues	-	-	361,039	361,039
Other financing sources	-	-	-	-
Total revenue	3,559,000	3,559,000	3,940,427	\$ 381,427
Net asset balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	\$ 3,559,000	\$ 3,559,000		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	90,000	90,000	53,884	36,116
Other costs	3,415,300	3,415,300	3,414,950	350
Other uses	53,700	53,700	53,700	-
Total expenses before depreciation	\$ 3,559,000	\$ 3,559,000	3,522,534	\$ 36,466
Depreciation not budgeted			-	
Claims reserves not budgeted			366,541	
Total expenses			3,889,075	
CHANGE IN NET ASSETS			51,352	
NET ASSETS, JULY 1, 2011			(535,452)	
NET ASSETS, JUNE 30, 2012			\$ (484,100)	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	SURETY BOND			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 71,000	\$ 71,000	\$ 70,850	\$ (150)
Appropriations	-	-	-	-
Interest	-	-	2,425	2,425
Other revenues	-	-	242,539	242,539
Other financing sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	71,000	71,000	315,814	<u>\$ 244,814</u>
Net asset balance	<u>74,300</u>	<u>74,300</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 145,300</u>	<u>\$ 145,300</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	67,000	67,000	65,348	1,652
Other costs	50,000	50,000	10,000	40,000
Other uses	<u>28,300</u>	<u>28,300</u>	<u>28,299</u>	<u>1</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciation	<u>\$ 145,300</u>	<u>\$ 145,300</u>	103,647	<u>\$ 41,653</u>
Depreciation not budgeted			<hr/>	-
Total expenses			<hr/>	103,647
CHANGE IN NET ASSETS			212,167	
NET ASSETS, JULY 1, 2011			<hr/>	1,080,089
NET ASSETS, JUNE 30, 2012			<hr/>	<u>\$ 1,292,256</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	EMPLOYEE ASSISTANCE PROGRAM			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ -	\$ -	\$ 101,157	\$ 101,157
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	-	-	101,157	<u>\$ 101,157</u>
Net asset balance	<u>200,000</u>	<u>200,000</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 200,000</u>	<u>\$ 200,000</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	200,000	200,000	170,267	29,733
Other costs	-	-	-	-
Other uses	-	-	-	-
Total expenses before depreciation	<u>\$ 200,000</u>	<u>\$ 200,000</u>	170,267	<u>\$ 29,733</u>
Depreciation not budgeted			-	
Total expenses			<u>170,267</u>	
CHANGE IN NET ASSETS			(69,110)	
NET ASSETS, JULY 1, 2011			<u>198,274</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ 129,164</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	PUBLIC PROPERTY RESERVE			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 10,880,900	\$ 10,880,900	\$ 13,617,315	\$ 2,736,415
Appropriations	-	-	-	-
Interest	-	-	3,462	3,462
Other revenues	-	-	46	46
Other financing sources	-	-	-	-
Total revenue	10,880,900	10,880,900	13,620,823	<u>\$ 2,739,923</u>
Net asset balance	-	4,000,000		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 10,880,900</u>	<u>\$ 14,880,900</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	4,476,500	4,476,500	3,704,723	771,777
Other costs	5,944,300	6,344,300	5,277,469	1,066,831
Other uses	460,100	460,100	460,100	-
Total expenses before depreciation	<u>\$ 10,880,900</u>	<u>\$ 11,280,900</u>	9,442,292	<u>\$ 1,838,608</u>
Depreciation not budgeted			-	
Total expenses			<u>9,442,292</u>	
CHANGE IN NET ASSETS			4,178,531	
NET ASSETS, JULY 1, 2011			<u>(1,798,440)</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ 2,380,091</u>	

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2012**

	PUBLIC LIABILITY			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 33,795,800	\$ 33,795,800	\$ 31,582,575	\$ (2,213,225)
Appropriations	-	-	-	-
Interest	-	-	74,685	74,685
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	33,795,800	33,795,800	31,657,260	<u>\$ (2,138,540)</u>
Net asset balance	-	<u>17,500,000</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 33,795,800</u>	<u>\$ 51,295,800</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	14,846,500	16,846,500	13,758,901	3,087,599
Other costs	14,886,100	19,886,100	17,698,850	2,187,250
Other financing uses	<u>4,063,200</u>	<u>14,563,200</u>	<u>3,962,229</u>	<u>10,600,971</u>
Total expenses before depreciation	<u>\$ 33,795,800</u>	<u>\$ 51,295,800</u>	35,419,980	<u>\$ 15,875,820</u>
Depreciation not budgeted			-	
Claims reserves not budgeted			<u>98,074,071</u>	
Total expenses			<u>133,494,051</u>	
CHANGE IN NET ASSETS			(101,836,791)	
NET ASSETS, JULY 1, 2011			<u>(44,374,306)</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ (146,211,097)</u>	

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012**

	WORKERS' COMPENSATION RETENTION			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 18,490,700	\$ 18,490,700	\$ 18,809,812	\$ 319,112
Appropriations	-	-	-	-
Interest	-	-	24,670	24,670
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	<u>18,490,700</u>	<u>18,490,700</u>	<u>18,834,482</u>	<u>\$ 343,782</u>
Net asset balance	<u>-</u>	<u>4,500,000</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 18,490,700</u>	<u>\$ 22,990,700</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	3,384,500	3,384,500	1,959,912	1,424,588
Other costs	14,141,300	18,641,300	17,477,837	1,163,463
Other uses	<u>964,900</u>	<u>964,900</u>	<u>964,900</u>	-
Total expenses before depreciation	<u>\$ 18,490,700</u>	<u>\$ 22,990,700</u>	<u>20,402,649</u>	<u>\$ 2,588,051</u>
Depreciation not budgeted			-	
Claims reserves not budgeted			<u>7,252,932</u>	
Total expenses			<u>27,655,581</u>	
CHANGE IN NET ASSETS			(8,821,099)	
NET ASSETS, JULY 1, 2011			<u>(20,539,269)</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ (29,360,368)</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
Year Ended June 30, 2012

	STATE TRANSPORTATION POOL			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 4,369,000	\$ 4,369,000	\$ 4,439,237	\$ 70,237
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	3,077	3,077
Other financing sources	-	-	150,062	150,062
	<u>4,369,000</u>	<u>4,369,000</u>	<u>4,592,376</u>	<u>\$ 223,376</u>
Total revenue				
Net asset balance	<u>2,135,000</u>	<u>2,135,000</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 6,504,000</u>	<u>\$ 6,504,000</u>		
EXPENSES				
Personal services and employee benefits	\$ 1,537,700	\$ 1,537,700	1,168,784	\$ 368,916
Contractual services	37,100	55,100	-	55,100
Other costs	4,617,400	4,599,400	3,794,205	805,195
Other uses	311,800	311,800	277,580	34,220
			<u>5,240,569</u>	<u>\$ 1,263,431</u>
Total expenses before depreciation	<u>\$ 6,504,000</u>	<u>\$ 6,504,000</u>		
Depreciation not budgeted			<u>2,383,736</u>	
Total expenses			<u>7,624,305</u>	
CHANGE IN NET ASSETS			(3,031,929)	
NET ASSETS, JULY 1, 2011			<u>13,520,114</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ 10,488,185</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
 STATEMENT OF REVENUES AND EXPENSES - MAJOR ENTERPRISE FUNDS -
 BUDGET AND ACTUAL (ACCRUAL BUDGETARY GAAP BASIS) (CONTINUED)
 Year Ended June 30, 2012

GROUP INSURANCE PREMIUM STABILIZATION

	Budgeted Amounts		Actual Amounts	Variance From
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Service fees	\$ 353,074,500	\$ 353,074,500	\$ 314,943,556	\$ (38,130,944)
Appropriations	-	-	-	-
Interest	-	-	70,400	70,400
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	353,074,500	353,074,500	315,013,956	<u>\$ (38,060,544)</u>
Total revenue				
Net asset balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 353,074,500</u>	<u>\$ 353,074,500</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	20,280,000	20,280,000	17,778,856	2,501,144
Other costs	331,167,800	331,167,800	322,832,312	8,335,488
Other uses	1,626,700	1,626,700	1,626,700	-
	353,074,500	353,074,500	342,237,868	<u>\$ 10,836,632</u>
Total expenses before depreciation				
Depreciation not budgeted			-	
Claims reserves not budgeted			<u>465,821</u>	
Total expenses			<u>342,703,689</u>	
CHANGE IN NET ASSETS			(27,689,733)	
NET ASSETS, JULY 1, 2011			<u>14,975,030</u>	
NET ASSETS, JUNE 30, 2012			<u>\$ (12,714,703)</u>	

FIDUCIARY FUNDS DESCRIPTIONS

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
 June 30, 2012**

	75100 Bond Securities	56100 Insurance Carrier Premiums	Total
ASSETS			
Cash	\$ 150	\$ 78,071	\$ 78,221
TOTAL ASSETS	<u>\$ 150</u>	<u>\$ 78,071</u>	<u>\$ 78,221</u>
LIABILITIES			
Accounts payable	\$ -	\$ 78,071	\$ 78,071
Deposits held for others	<u>150</u>	<u>-</u>	<u>150</u>
TOTAL LIABILITIES	<u>\$ 150</u>	<u>\$ 78,071</u>	<u>\$ 78,221</u>

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
June 30, 2012

	Balance as of <u>June 30, 2011</u>	Additions	Deletions	Balance as of <u>June 30, 2012</u>
75100 BOND SECURITIES				
ASSETS				
Cash	\$ 150	\$ -	\$ -	\$ 150
TOTAL ASSETS	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>
LIABILITIES				
Accounts payable	\$ -	\$ -		\$ -
Deposits held in custody for others	150	-	-	150
TOTAL LIABILITIES	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>
56100 INSURANCE CARRIER PREMIUMS				
ASSETS				
Cash	636,072	\$ 6,685,844	\$ 7,243,845	\$ 78,071
Deposits due from others	-	-	-	-
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 636,072</u>	<u>\$ 6,685,844</u>	<u>\$ 7,243,845</u>	<u>\$ 78,071</u>
LIABILITIES				
Accounts payable	636,072	\$ 7,206,110	\$ 7,764,111	\$ 78,071
Deposits held in custody for others	-	7,076,417	7,076,417	-
TOTAL LIABILITIES	<u>\$ 636,072</u>	<u>\$ 14,282,527</u>	<u>\$ 14,840,528</u>	<u>\$ 78,071</u>

SINGLE AUDIT

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2012

Federal Agency/ Pass-Through Agency	Federal Catalog of Domestic Assistance Number	Total Federal Award Expenditures
U.S. DEPARTMENT OF ENERGY:		
ARRA - State Energy Program		
Pass-through NM Energy and Minerals - Pass-through identifying number 10-521-R1DOE00001-0076	81.041	\$ <u>4,705,871</u>
Total U.S. Department of Energy		<u>4,705,871</u>
TOTAL FEDERAL EXPENDITURES		\$ <u>4,705,871</u>

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012**

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the New Mexico General Services Department and is presented on the modified accrual basis of accounting, as defined by the Governmental Accounting Standards Board. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic, combining and individual fund financial statements.

LOANS OUTSTANDING/NON-CASH ASSISTANCE

The Department does not have any outstanding loans with the federal government, nor does it make loans to others or provide non-cash assistance.

NON-CASH ASSISTANCE

The Department does not receive any non-cash assistance.

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Mr. Ed Burckle, 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, the aggregate remaining fund information, the budgetary comparisons of the general fund and the combining and individual funds and related budgetary comparisons presented as supplemental information of the State of New Mexico General Services Department (Department) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. 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

Management of the Department is responsible for developing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 06-22 and 12-03 to be material weaknesses.

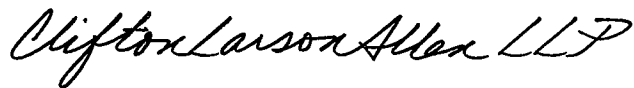
Compliance and Other Matters

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

We also noted certain other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-65, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 11-02, 11-04, 12-01 and 12-02.

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

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



Albuquerque, New Mexico
December 14, 2012

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Mr. Ed Burckle, Secretary
State of New Mexico
General Services Department and
Mr. Hector H. Balderas
New Mexico State Auditor

Compliance

We have audited the compliance of the State of New Mexico General Services Department (Department) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Department's compliance with those requirements.

As described in items 11-05 and 12-04 in the accompanying schedule of findings and questioned costs, the Department did not comply with requirements regarding Davis Bacon and Cash Management that are applicable to its ARRA – State Energy Program. Compliance with such requirements is necessary, in our opinion, for the Department to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Department complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-05 and 12-04 to be material weaknesses.

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

This report is intended solely for the information and use of management, others within the entity, federal awarding agencies, 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.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
December 14, 2012

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012**

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major program: Qualified

Any audit findings, disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
81.041	U.S. Department of Energy: ARRA – State Energy Program

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee? yes no

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section II – Financial Statement Findings

Finding 06-22 – Capital Assets (Material Weakness) – Repeated and Modified

Condition: During test work over capital assets, the following items were noted:

- An annual physical inventory as required by State law of moveable items was not conducted by the Risk Management Division for the year ended June 30, 2012. Further, it was noted that the Department's Aviation Division verified that they had conducted a capital asset inventory observation and attested to having two high-dollar assets that were not actually on-hand at year-end.
- While performing testwork on the Department's fixed assets, it was noted that 45 vehicles that had been sold or disposed of during the year had not been removed from the general ledger. The total net book value of these assets was \$0 as they all had been fully depreciated.
- It was noted during our testing of construction in process that the Department does not have an effective process to track construction in process and the related completed projects. During the year, the Department only recorded \$6.3 million of project close-outs, but a total of \$7.8 million of costs were actually closed out during the year.
- Depreciation expense was not reflected in the general ledger. The total amount of the unrecorded depreciation expense was approximately \$2.4 million.

Criteria: State agencies shall record and report state owned capital assets in accordance with state law and GAAP, as described in MAPs FIN 6, authorized by Section 6-5-2, 13-6-1, NMSA 1978 and GSD Rule 88-101. In addition, Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels at the end of the fiscal year.

Cause: Lack of effective procedures, internal controls and timely reconciliation in recording additions and deletions of capital assets. We consider this to primarily be due to high staff turnover.

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

Recommendation: We recommend the Department continue to perform a thorough reconciliation process on a monthly basis to ensure:

- Capital outlay expenses are agreed to capital asset additions,
- Deletions of capital assets are properly removed from any capital asset roll forwards and the general ledger, as applicable, for assets belonging to business-type funds,
- Adequate documentation is maintained for fixed asset disposals,

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section II – Financial Statement Findings (continued)

Finding 06-22 – Capital Assets (Material Weakness) – Repeated and Modified (continued)

- Construction in progress is properly tracked and capitalized.
- Depreciation expense is determined and recorded in the general ledger as part of the Department's closing procedures.

This monthly reconciliation should also entail a proper review, by a member of management that is not a part of the aforementioned reconciliation process, and include timely recording of all activity to the Department's general ledger and capital assets reporting software. In addition, a physical inventory of all moveable capital assets should be performed using the Department's detailed capital asset listing as a point of reference. This inventory should be performed on a minimum of an annual basis.

Management's Response: GSD/ASD is reviewing and implementing new capital asset procedures and processes as part of a capital asset "business re-engineering" initiative being led by Brian Mirabal, General Ledger Bureau Chief, and slated for implementation by the third quarter of FY13. It is anticipated that this endeavor will address all aspects of this finding with the exception of the Construction in Progress issue, which will require additional resources to address. With regard to the individual bullet points, management reports the following comments:

- While the Aviation Bureau did perform an inventory count of the assets, the submitted documentation did not reflect this action. As part of GSD's capital asset management re-engineering program being implemented, a standardized form (including a current asset listing) with instructions will be submitted to all Divisions with capital assets to reach full compliance with yearend requirements. In addition, management is prioritizing enhanced documentation of asset-related procedures, which will improve communication between ASD and the Divisions on the addition and removal of assets.
- Staff shortages in ASD, including a vacancy in the General Ledger Bureau Chief position, most likely led to the oversight regarding removing the vehicles from the general ledger. They were properly removed from the capital asset listing in GEAC but the deadline for entering the change into the general ledger had passed before the omission was discovered, leaving an audit adjusting entry as the only option. The General Ledger Bureau is now fully staffed and personnel are being cross-trained so that the proper recording of assets is no longer reliant on a single person to create redundancy. New procedures will be documented as part of the re-engineering initiative to ensure performance of essential duties. In addition, monthly reviews with the Divisions to ensure updates are performed timely will be the responsibility of the GL Bureau staff and will begin in January 2013.
- Also part of this renewed focus on capital assets is a concerted effort to bring all Construction in Progress (CIP) items current that have accumulated due to staff shortages and a key retirement in the Property Control Division. Options, including hiring an outside CPA firm to perform the needed updates and transmit information to ASD to input into the new capital asset system, SunSystems, are being considered. If approved,

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section II – Financial Statement Findings (continued)

Finding 06-22 – Capital Assets (Material Weakness) – Repeated and Modified (continued)

the processing of the CIP backlog will occur in fiscal year 2013. Concurrently, Brian Mirabal has identified improved tracking and recording CIP as one of his top priorities for this fiscal year for his general ledger team. It should be noted that the difference reflected in bullet #3 was caused by a transfer of a construction project to another agency after completion. In the future, ASD will provide a more detailed reconciliation so auditors can immediately determine that an asset has transferred and is not, therefore, recorded on the GSD books.

Finding 11-02 Cash Deposits (Control Deficiency) – Repeated and Modified

Condition: While performing a test of controls over cash receipts, we noted 3 instances out of 22 tested where deposits were not made within twenty-four hours. In all instances, it was four days before the deposit was made.

Criteria: Per Section 6-10-3 NMSA 1978, cash or checks should be deposited before the close of the next succeeding business day after the initial receipt.

Cause: The Department's accounts receivable bureau did not receive the checks from other divisions in time to make the deposit within the required timeframe.

Effect: The Department is not in compliance with 6-10-3 NMSA 1978.

Recommendation: We recommend the Department centralize cash receipting to ensure all cash payments remitted to the Department are deposited in the bank within the required timeframe.

Management's Response: During fiscal year 2012, Risk Management Division did not have adequate permanent staff to perform all required duties in a timely manner. Checks received by the Division were often delayed in being submitted to the Accounts Receivable Bureau. However, once checks were received by the Accounts Receivable Bureau, the time stamp clearly indicates that the checks were being deposited either on the same day or the following day in compliance with Section 6-10-3 NMSA 1978. Risk Management Division is implementing an action plan to hire adequate staffing for its Finance Bureau. However, the plans are reliant on additional funding that will not be determined until the 2013 Legislative Session. Administrative Services Division is researching other alternatives such as changing remittance location on current accounts receivable billings, intercepting checks within the mail distribution room and or entering into an agreement for lock-box services. For example, the location for SHARE listed on the new e-billing system, scheduled to go "live" January 2013, lists the ASD post office box for remittance. With any one of these changes, management feels that centralized cash receipting will occur within the Accounts Receivable Bureau with timely processing of deposits.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section II – Financial Statement Findings (continued)

Finding 11-04 Significant Deficit in Risk Management Net Assets Accounts (Control Deficiency)

Condition: The State of New Mexico manages its risks internally and sets aside assets for claim settlement through the Risk Management Division of the Department. As of June 30, 2012, enterprise funds established to manage the risk of loss exposure for public liability and workers' compensation had deficit net asset balances of approximately \$146.2 million and \$29.4 million, respectively. It is noted that the deficits are largely due to the Department recording actuarial estimated losses based on conservative accounting principles.

Criteria: Good business and accounting practices require management evaluate liquidity needs and economic soundness of risk funds.

Cause: Premiums charged to other state agencies in part are based on state appropriations and budgets, rather than the actual actuary estimate of claims payable. This has led to deficit net asset balances in these funds.

Effect: The Department, as well as the State of New Mexico, risks not having the funds available to pay claims.

Recommendation: We recommend that the Department review the liability and the risk as it relates to the funding and premium levels currently established. The review should include an analysis of future expected cash flows and run-out projections of known claims and historical claim experiences to ensure that funding levels are adequate to meet current and future needs of the State of New Mexico and the Department.

Management's Response: Management maintains that the GASB 10 requirement to gauge fund solvency based on having projected liabilities being 100% funded is misleading for a public sector risk fund. The projected deficit would only occur in the hypothetical situation where the State of New Mexico went out of business, which is unlikely as compared with the private sector where this situation occurs. In that instance, the funding requirements placed on private insurance industry make sense.

In the case of the public liability fund, in particular, the reported estimate of potential claims is initially valued at the highest cost ("worst case" scenario). As claims mature over time, these estimates are adjusted to reflect more current information. More often, claims are resolved at lower amounts than this maximum "worst case" scenario that is communicated through actuarial reports to policy makers for transparency and planning as a conservative approach. The increased exposure reflected in the Long-term Liabilities is a good example of this process. Management felt it prudent to alert stakeholders of the maximum exposure associated with this fund. However, management strongly believes if the revised claim does progress through the courts, the actual cost will most likely be much lower.

The Department recognizes the actuarial soundness level of risk funds is a policy decision based on state revenues. Management is committed to a prudent plan to recoup claim costs and build fund solvency over time that minimizes the negative impact of increasing premiums to state agencies. Increases in premiums to bring all funds to 100% funding would be substantial

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section II – Financial Statement Findings (continued)

Finding 11-04 Significant Deficit in Risk Management Net Assets Accounts (Control Deficiency) (continued)

and unwarranted,-- requiring either reduction in personnel or a reduction in services provided to citizens to balance agency budgets. These impacts would further erode the Unemployment Compensation fund and tax receipts. Since projected claims never come due all at once, the option has been pursued to allow the funds to recover over time to meet targeted levels of 50% funding for most funds.

Management concurs with the importance of developing adequate rates to ensure fund sustainability while delivering these proposed rates in a timely manner for adequate consideration by the Department of Finance and Administration. To this end, Anthony "AJ" Forte, the new Division Director, has prioritized rate development to begin in January 2013, aiming at delivering the rate request for FY15 by June. In addition, Mr. Forte has committed to reinstating the Risk Management Advisory Board early in 2013. Finally, robust monthly reporting will be initiated by January 2013 to inform all stakeholders of trends and fund health.

Finding 12-01 Accurate Personnel Files Not Maintained (Control Deficiency)

Condition: During our internal control/compliance testwork in the area of payroll, we noted that in 1 instance out of 22 items sampled, a deduction was taken for dental insurance but the enrollment form in the employee file indicated that this coverage was waived. The amount deducted from the employee's paycheck was \$8.03 on a bi-weekly basis or \$208.78 for the year.

Criteria: According to the Personnel Act (10-9-1 to 10-9-25 NMSA 1978) and the General Provisions of NMSA 1.7.1 (State Personnel Administration), personnel files should be adequately maintained.

Cause: The personnel file in question involved an employee who erroneously completed a payroll deduction form and no effort was taken on the part of the Department to update the employee records for corrections that were subsequently made.

Effect: Employee files are in noncompliance with Personnel Act (10-9-1 to 10-9-25 NMSA 1978).

Recommendation: We recommend that all corrections and updates to employee personnel records are documented and maintained in the employees' files.

Management's Response: The Human Resources Bureau concurs that updates to employee deduction forms should be properly documented and maintained in the employees' files. Follow-up with employees when payroll information is submitted will be done in a timely fashion to avoid erroneous or incomplete data on forms. All verbal communications from employees directing changes to benefits will require written follow up before implementation.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section II – Financial Statement Findings (continued)

Finding 12-02 Travel and Per Diem Transactions (Control Deficiency)

Condition: While performing a test of controls over travel and per diem disbursements, we noted 1 instance out of 22 where the Department was out of compliance with State compliance requirements. In this instance, there was no evidence that one of the purchases was approved, as required by GSD policy. The total amount of the unapproved disbursement was \$72.

Criteria: Per Section 10-8-1 to 10-8-8 NMSA 1978 and 2.42.2 NMAC, the Department is required to be in compliance with State regulations concerning travel and per diem disbursements.

Cause: Lack of effective internal controls and review of travel and per diem disbursements.

Effect: Without effective internal controls in place over travel and per diem transactions, the Department could become out of compliance with State laws governing travel and per diem expenditures.

Recommendation: We recommend the Department institute more effective internal controls over the processing of travel and per diem transactions and adequately review transactions prior to processing them.

Management's Response: Management concurs with the importance of proper processing of travel and pre-diem payments. Andrea Carey, Accounts Payable Bureau Chief, will conduct a refresher training course with Division personnel and accounts payable auditors on the DFA Travel and Pre Diem Rules and Transaction Regulations as part of the action plan scheduled for implementation over the last half of fiscal year 2013.

Finding 12-03 Risk Management Claims Expenses (Material Weakness)

Condition: During our journal entry testing, we noted 3 separate journal entries out of our sample of 14 where the entry was made to correct an overpayment, duplicate payment, or payment to the wrong vendor. All of the journal entries involved Risk Management Division (RMD) funds and it was determined that proper review was not taking place in a timely manner to prevent and correct these errors from occurring. The total amount of the journal entries that were posted to correct these errors was \$2,100.96. Further, we noted that reconciliations were not taking place between the Department's ATS system (for claims tracking) and the general ledger.

Criteria: Section 2.2.2.8 J of the New Mexico State Audit Rule requires sound accounting practices be followed, which includes maintaining internal controls to mitigate the occurrence of erroneous payments being processed.

Cause: Ineffective internal controls over the initiation of RMD disbursements and adequate reviews not taking place prior to the processing of transactions.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section II – Financial Statement Findings (continued)

Finding 12-03 Risk Management Claims Expenses (Material Weakness) (continued)

Effect: Individually, the adjustments noted were considered immaterial to the financial statements. However, in the aggregate, the resulting misstatement could have a material effect.

Recommendation: We recommend the Department institute stronger internal controls as they pertain to RMD funds, conduct adequate reviews of transactions prior to processing them, and reconcile claims expenses between the ATS system and the general ledger on a monthly basis.

Management's Response: Management became aware of this situation and addressed it through additional staff training to emphasize the need to review claims prior to disbursement. However, staff turnover reintroduced the issue because temporary staff filled in. New management has prioritized filling key positions with qualified personnel and developing a routine, robust training program to ensure this upfront review is performed. In addition, ASD and RMD will be recommending a review of the related ATS system as part of the audit plan to be performed by Bernard Fothergill the latter half of FY13. It is presumed that periodic reviews by management and monthly reconciliations between the general ledger and ATS will be among recommendations offered to improve internal controls.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012**

Section III – Federal Award Findings and Questioned Costs

Finding 11-05 Davis Bacon Compliance and Internal Control (Material Weakness) – Repeated

Grant: State Energy Program

CFDA #: 81.041

Questioned Costs: \$0

Condition: During our single audit test work over Davis Bacon compliance requirements, we noted that the Department was not reviewing Certified Payroll Reports (CPR) of their contractors and subcontractors on a regular basis during the course of the grant year. However, we did note that after the Department was made aware of its non-compliance with this requirement in December of 2011, it hired a temporary employee to ensure these documents were obtained and requested CPRs from the vendors who had not submitted them prior to being paid. We reviewed the files and verified that the Department did in fact obtain certified payroll reports from contractors who had not previously submitted them.

Criteria: In accordance with requirements under the Department of Labor (DOL), all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL. In order to monitor this, weekly CPRs are required to be submitted by the contractor to the Department, so that the Department can review rates against the prevailing wage rates.

Cause: Lack of adequate staffing, training, and experience with Federal grants to enable the Department to review CPR on a weekly basis for the various projects across the state of New Mexico and maintain its compliance with all applicable program requirements.

Effect: For those projects that are not being monitored by the Department, contractors may not have been paying their laborers and mechanics wages that were based on the prevailing wage rate.

Recommendation: We recommend that whenever the Department receives Federal funding, it understands all the Federal compliance requirements pertaining to the grant(s) and communicates these in a timely manner to any contractors who have a part in fulfilling the compliance requirement. We also recommend that the Department incorporate a secondary review process into its weekly review of project activity for any ongoing Federal projects.

Management's Response: Management did address the FY11 audit finding by hiring a dedicated contract employee to review and certify payroll reports that focused on proper record keeping and review of all payroll reports on a monthly basis. Unfortunately, several months did elapse before the audit finding was recommended, and the contract employee may have not reviewed all of the certified payroll information prior to disbursements to the contractors. Management feels there was proper oversight of the project in the remaining months of the project. In the future, before federal funding projects are accepted, a full review of project

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 11-05 Davis Bacon Compliance and Internal Control (Material Weakness) – Repeated (continued)

requirements and compliance will be conducted as a Grantee or sub-recipient. If a federal grant is accepted, Michelle Aubel, Administrative Services Division Director, will work with the affected Division to establish adequate internal and financial controls to ensure compliance. The date of implementation would depend on when and if Federal funds are received.

Finding 12-04 Cash Management Compliance and Internal Control (Material Weakness)

Grant: State Energy Program

CFDA #: 81.041

Questioned Costs: \$0

Condition: During our single audit test work over compliance with cash management grant requirements, we noted that out of 37 disbursements tested, 12 were submitted for reimbursement prior to the Department initiating payment to the vendors for these costs. As these grant monies are received on a reimbursement basis, the Department is required to expend its own resources for the costs of the program prior to submitting them for reimbursement.

Criteria: According to OMB Circular A-133 §__300(b), auditees are required to maintain adequate internal controls over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its Federal programs. Further, OMB Circular A-133 §__300(c) requires auditees to comply with laws, regulations, and the provisions of contacts or grant agreements related to each of its Federal programs.

Cause: A lack of adequate monitoring of the required compliance measures pertaining to cash management was the underlying cause of the said condition.

Effect: This condition led to non-compliance with cash management grant requirements.

Recommendation: We recommend the Department carefully review all the compliance requirements of the grants it receives and communicate to those who are responsible for submitting requests for reimbursement that they ensure invoices are paid prior to requesting reimbursement for the associated costs.

Management's Response: Management concurs reviewing all compliance requirements prior to accepting a grant is important to ensure sufficient resources can be allocated to meet compliance. Grants have not been a normal funding mechanism for GSD; a natural learning curve ensued. Management believes that sufficient expertise has now been developed to properly manage grants going forward. If a federal grant is accepted, Michelle Aubel,

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2012

Section III – Federal Award Findings and Questioned Costs (continued)

Finding 12-04 Cash Management Compliance and Internal Control (Material Weakness)
(continued)

Administrative Services Division Director, will work with the affected Division to establish adequate internal and financial controls to ensure compliance. The date of implementation would depend on when and if Federal funds are received.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2012

Section II – Financial Statement Findings

- 04-01 General Ledger Reconciliation (Material Weakness) – Resolved
- 06-22 Capital Assets (Material Weakness) – Repeated and Modified
- 11-01 Incomplete Personnel Files (Control Deficiency) – Resolved
- 11-02 Cash Deposits (Control Deficiency) – Repeated and Modified
- 11-03 Claims File Documentation (Material Weakness) – Resolved
- 11-04 Significant Deficit in Risk Management Net Assets Accounts (Material Weakness) – Repeated and Modified

Section III – Federal Award Findings and Questioned Costs

- 11-05 Davis Bacon Compliance and Internal Control (Material Weakness) – Repeated

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
EXIT CONFERENCE
June 30, 2012**

An exit conference was held with the Department on December 12, 2012. 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

Ed Burckle, Cabinet Secretary
Robert M. Unthank, Deputy Cabinet Secretary
Michelle Aibel, ASD Director
H. Brian Mirabal, GL Bureau Chief
Bernard Fothergill, Internal Auditor

CLIFTONLARSONALLEN LLP

Raul J. Anaya, CPA, CGFM, CFE, Senior Manager
Robert Korman, MBA, Senior Associate

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.