

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

**FINANCIAL STATEMENTS
June 30, 2014**

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**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
OFFICIAL ROSTER
June 30, 2014**

Office of the Secretary

Ed Burckle, Cabinet Secretary

Division Directors

Zella Cox, Administrative Services Division

George Morgan, Facilities Management Division

Lawrence Maxwell, Purchasing Division

Robert Newlin, State Printing Division

Anthony J. (AJ) Forte, Risk Management Division

James Chavez, Transportation Services Division



CliftonLarsonAllen

Independent Auditors' Report

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

Report on Financial Statements

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 (the Department) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Department's nonmajor governmental funds, nonmajor enterprise funds, and fiduciary funds and the budgetary comparisons for the major capital project funds, major enterprise funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Governmental Activities

Management has identified to us that records of land owned by the Department do not agree with the balances contained in the governmental activities in the government-wide financial statements. Accounting principles generally accepted in the United States of America require that land be recorded at historical cost or estimated fair value at the date of contribution on the government-wide financial statements. The amount by which this departure would affect the assets and net position of the governmental activities has not been determined.

Qualified Opinion on Governmental Activities

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Department, as of June 30, 2014, and the changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Department, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended, in accordance 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 nonmajor governmental fund, nonmajor enterprise fund and each fiduciary fund of the Department as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital projects funds, major enterprise funds and all the nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information and all respective budgetary comparisons of the State of New Mexico 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, 2014, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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.

Other Information

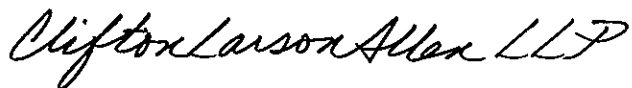
Our audit was conducted for the purpose of forming opinions on the Department's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of changes in assets and liabilities – agency funds required by 2.2.2.NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of changes in assets and liabilities – agency funds required by 2.2.2 NMAC is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of changes in assets and liabilities – agency funds required by 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014 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* in considering the Department's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP



Albuquerque, New Mexico
December 12, 2014

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014. 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 position 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 Position reports what the Department owned (assets) and owed (liabilities) at June 30, 2014. Net position is what will remain after all liabilities are paid off. Net position legally limited to a particular use is reported as restricted. Unrestricted net position is 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, 2014

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. 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, 2014**

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 Position: Table A-1 summarizes the Department's net position for the fiscal year ending June 30, 2014. Total Department net position for fiscal year 2014 was \$430,745,625. The negative unrestricted balance is the result of the large deficit net position 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, 2014 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	\$ (72,653,811)
Workers' Compensation Retention	\$ (36,326,330)
Group Insurance Premium Stabilization	\$ (25,508,151)

The larger part of the Department's restricted net position (91%) represents 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 \$117,665,462 deficit of unrestricted net position indicates there are not sufficient resources on hand to pay claims against the state in future years.

However, the Department had an increase in net position for the year in the amount of \$41,798,466.

The Department's claims reserve for risk management decreased this year by approximately \$9.2 million. These reserves are recorded based on calculations provided by an actuary.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

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

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Amount Change</u>	<u>Total % Change</u>
Assets:				
Current assets	\$ 138,245,745	\$ 125,272,513	\$ 12,973,232	10%
Capital assets, net	<u>528,710,200</u>	<u>509,280,855</u>	<u>19,429,345</u>	4%
Total assets	<u>\$ 666,955,945</u>	<u>\$ 634,553,368</u>	<u>\$ 32,402,577</u>	5%
Liabilities:				
Current liabilities	\$ 130,045,210	\$ 139,003,357	\$ (8,958,147)	-6%
Long-term liabilities	<u>106,165,110</u>	<u>106,602,852</u>	<u>(437,742)</u>	0%
Total liabilities	<u>236,210,320</u>	<u>245,606,209</u>	<u>(9,395,889)</u>	-4%
Net position:				
Net investment in capital assets	528,710,200	509,280,855	19,429,345	4%
Restricted	19,700,887	26,599,235	(6,898,348)	-26%
Unrestricted	<u>(117,665,462)</u>	<u>(146,932,931)</u>	<u>29,267,469</u>	-20%
Total net position	<u>430,745,625</u>	<u>388,947,159</u>	<u>41,798,466</u>	11%
Total liabilities and net position	<u>\$ 666,955,945</u>	<u>\$ 634,553,368</u>	<u>\$ 32,402,577</u>	5%

Changes in Net Position: The Department's change in net position for fiscal year FY14 was an increase of \$41,798,466 (Table A-2). The change is the difference between total program revenues, general revenues and the total cost of all programs and services. The increase indicates the Department's financial position as a whole has improved from the previous fiscal year, primarily because the claims reserve during the year was less than last 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 \$443,511,432, 72% of this amount, or \$321,349,911, 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. \$62,912,556, or 14%, 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, 2014**

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

	<u>FY 2014</u>	<u>FY 2013</u>	<u>Amount Change</u>	<u>Total % Change</u>
Revenues:				
Program revenues:				
Capital grants and contributions	\$ -	\$ -	\$ -	
Charges for services	11,213,497	8,402,837	2,810,660	33%
Risk management	<u>421,278,348</u>	<u>457,824,689</u>	<u>(36,546,341)</u>	-8%
Total program revenues	432,491,845	466,227,526	(33,735,681)	-7%
General revenues	<u>54,552,547</u>	<u>47,250,528</u>	<u>7,302,019</u>	15%
Total revenues	<u>487,044,392</u>	<u>513,478,054</u>	<u>(26,433,662)</u>	-5%
Expenses:				
Employee group benefits	321,349,911	352,428,682	(31,078,771)	-9%
Risk management	62,912,556	71,363,440	(8,450,884)	-12%
Other expenses	<u>60,983,459</u>	<u>57,370,691</u>	<u>3,612,768</u>	6%
Total expenses	<u>445,245,926</u>	<u>481,162,813</u>	<u>(35,916,887)</u>	-7%
Change in net position	41,798,466	32,315,241	9,483,225	29%
Net position, beginning of year	388,947,159	420,334,867	(31,387,708)	-7%
Restatement	<u>-</u>	<u>(63,702,949)</u>	<u>63,702,949</u>	-
Net position, beginning of year, Restated	<u>-</u>	<u>356,631,918</u>	<u>(356,631,918)</u>	-
Net position, end of year	<u>\$ 430,745,625</u>	<u>\$ 388,947,159</u>	<u>\$ 41,798,466</u>	11%

Governmental Activities: Revenues of governmental activities increased to \$54,322,137. The cost of all governmental activities this year decreased to \$41,610,619.

Business-type Activities: The cost of all business-type activities was \$401,900,813. 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, 2014**

Financial Analysis of the Department's Funds

Governmental Funds: Combined revenues and net financing sources from governmental fund types totaled \$56,056,631, a decrease of 1% from the preceding year.

Expenditures from governmental funds totaled \$62,724,914, an increase of 4% from fiscal year 2013. The increase in total governmental expenditures is primarily due to an increase in capital project activity during the current year.

Proprietary Funds: Operating revenues and net non-operating revenues of the Department's business-type activities decreased 10% from the previous year to \$430,987,761.

Expenses decreased 10% to \$401,900,813. The decrease occurred primarily because of decreases to claims reserves for the risk liability funds.

Budget Comparisons

General Fund: For FY14, total actual revenues of \$13,691,260 varied from budgeted revenues by \$760. Total expenditures were \$13,396,486.

Capital Assets and Debt Management

Capital Assets: The Department's investment in capital assets increased by \$19,429,348 in 2014 (see Note 6).

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 \$106,165,110.

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: State Unemployment Compensation Reserve, Public Liability, Worker's Compensation Retention, State Transportation Pool, Group Insurance Premium Stabilization and Other Enterprise Funds, show that two of the five funds have an operating loss. This indicates that the service rates as developed with the current methods are not sufficient to recover actual costs of the programs.

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

The Risk Management Advisory Board recommends that all Risk Management funds maintain 50 percent soundness (Assets/Estimated Outstanding Losses). The cumulative Risk Management funds, based on total assets of \$102,907,849 and estimated outstanding losses and other liabilities of \$225,779,709 shows the Risk Management funds to be 46% sound.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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 POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Investment in the State General Fund Investment Pool	\$ 23,472,949	\$ 108,115,956	\$ 131,588,905
Receivables:			
Interest receivable	852	7,578	8,430
Accounts/trade receivable	-	8,751,849	8,751,849
Allowance for doubtful accounts	-	(6,749,563)	(6,749,563)
Due from (to) other funds	8,879	(8,879)	-
Due from other agencies	4,282,057	122,022	4,404,079
Other assets	-	-	-
Inventories	-	242,045	242,045
Total current assets	<u>27,764,737</u>	<u>110,481,008</u>	<u>138,245,745</u>
NON-CURRENT ASSETS			
Capital assets	946,754,908	26,509,697	973,264,605
Less accumulated depreciation	<u>(422,278,038)</u>	<u>(22,276,367)</u>	<u>(444,554,405)</u>
Total non-current assets	<u>524,476,870</u>	<u>4,233,330</u>	<u>528,710,200</u>
TOTAL ASSETS	<u>\$ 552,241,607</u>	<u>\$ 114,714,338</u>	<u>\$ 666,955,945</u>

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
CURRENT LIABILITIES			
Bank overdraft	\$ 2,924,690	\$ 461,446	\$ 3,386,136
Claims payable	-	97,362,520	97,362,520
Accounts payable	4,497,712	23,540,344	28,038,056
Unearned revenue	66,823	-	66,823
Accrued payroll	169,056	203,203	372,259
Due to State General Fund	64,709	-	64,709
Due to other agencies	109,429	4,293	113,722
Compensated absences	279,676	361,309	640,985
Total current liabilities	<u>8,112,095</u>	<u>121,933,115</u>	<u>130,045,210</u>
LONG-TERM LIABILITIES			
Claims payable	-	106,121,439	106,121,439
Compensated absences	24,601	19,070	43,671
Total liabilities	<u>8,136,696</u>	<u>228,073,624</u>	<u>236,210,320</u>
NET POSITION			
Net investment in capital assets	524,476,870	4,233,330	528,710,200
Restricted for:			
Capital projects	19,700,887	-	19,700,887
Unrestricted	<u>(72,846)</u>	<u>(117,592,616)</u>	<u>(117,665,462)</u>
Total net position	<u>544,104,911</u>	<u>(113,359,286)</u>	<u>430,745,625</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 552,241,607</u>	<u>\$ 114,714,338</u>	<u>\$ 666,955,945</u>

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014**

	<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	\$ 7,170,408	\$ 2,380,968	\$ -	\$ -
Procurement services	3,178,555	-	-	-
Business office space management/maintenance	335,830	-	-	-
Capital projects	32,660,320	-	-	-
Total governmental activities	<u>43,345,113</u>	<u>2,380,968</u>	<u>-</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES				
Program support	9,832,712	1,172,911	-	-
Risk management	62,912,556	70,505,435	-	-
Employee group benefits	321,349,911	350,772,913	-	-
Transportation services	7,805,634	7,659,618	-	-
Total business-type activities	<u>401,900,813</u>	<u>430,110,877</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 445,245,926</u>	<u>\$ 432,491,845</u>	<u>\$ -</u>	<u>\$ -</u>

Net (Expenses) Revenue and Changes in Net Position			
Governmental	Business-type		
Activities	Activities	Total	
\$ (4,789,440)	\$ -	\$ (4,789,440)	
(3,178,555)	-	(3,178,555)	
(335,830)	-	(335,830)	
<u>(32,660,320)</u>	<u>-</u>	<u>(32,660,320)</u>	
(40,964,145)	-	(40,964,145)	
-	(8,659,801)	(8,659,801)	
-	7,592,879	7,592,879	
-	29,423,002	29,423,002	
<u>-</u>	<u>(146,016)</u>	<u>(146,016)</u>	
-	28,210,064	28,210,064	
<u>(40,964,145)</u>	<u>28,210,064</u>	<u>(12,754,081)</u>	
GENERAL REVENUES			
Intra-agency transfers	(226,621)	226,621	-
Severance tax bond proceeds	35,325,096	-	35,325,096
Appropriations - General Fund	13,636,000	500,000	14,136,000
Reversions - General Fund	(64,709)	-	(64,709)
Other State agency transfers, net	4,897,383	2,000	4,899,383
Federal funds	97,238	-	97,238
Interest income	9,916	62,114	72,030
Gain on disposal	-	86,149	86,149
Other miscellaneous revenue	1,360	-	1,360
<u>Total general revenues</u>	<u>53,675,663</u>	<u>876,884</u>	<u>54,552,547</u>
CHANGE IN NET POSITION	12,711,518	29,086,948	41,798,466
NET POSITION, BEGINNING	<u>531,393,393</u>	<u>(142,446,234)</u>	<u>388,947,159</u>
NET POSITION, ENDING	<u>\$ 544,104,911</u>	<u>\$ (113,359,286)</u>	<u>\$ 430,745,625</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, 2014

	Major Funds			Other Governmental Funds	Total Governmental
	17400 General Fund	86300 Capital Buildings Repair Fund	89200 STB Projects		
ASSETS					
Investment in the State General Fund Investment Pool	\$ 1,632,960	\$ 9,277,495	\$ -	\$ 12,562,494	\$ 23,472,949
Receivables:					
Interest	-	698	-	154	852
Due from other funds	7,782	-	948,242	1,097	957,121
Due from other agencies	-	-	4,199,608	82,449	4,282,057
Inventories	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,640,742</u>	<u>\$ 9,278,193</u>	<u>\$ 5,147,850</u>	<u>\$ 12,646,194</u>	<u>\$ 28,712,979</u>
LIABILITIES					
Due to the State General Fund Investment Pool	\$ -	\$ -	\$ 2,908,973	\$ 15,717	\$ 2,924,690
Accounts payable	1,186,520	676,290	2,238,877	396,025	4,497,712
Unearned revenue	-	-	-	66,823	66,823
Accrued payroll	158,082	-	-	10,974	169,056
Due to other funds	-	-	-	948,242	948,242
Due to State General Fund	64,709	-	-	-	64,709
Due to other agencies	-	109,429	-	-	109,429
Total liabilities	<u>1,409,311</u>	<u>785,719</u>	<u>5,147,850</u>	<u>1,437,781</u>	<u>8,780,661</u>
FUND BALANCE					
Nonspendable:					
Inventories	-	-	-	-	-
Restricted	-	8,492,474	-	11,208,413	19,700,887
Committed	231,431	-	-	-	231,431
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>231,431</u>	<u>8,492,474</u>	<u>-</u>	<u>11,208,413</u>	<u>19,932,318</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,640,742</u>	<u>\$ 9,278,193</u>	<u>\$ 5,147,850</u>	<u>\$ 12,646,194</u>	<u>\$ 28,712,979</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 POSITION
 June 30, 2014

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS (GOVERNMENTAL FUND BALANCE SHEET)	\$	19,932,318
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Amounts reported for governmental activities in the Statement of Net Position 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:		946,754,908
Accumulated depreciation is:		<u>(422,278,038)</u>

Total capital assets		524,476,870
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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>(304,277)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES - (STATEMENT OF NET POSITION)	\$	<u>544,104,911</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, 2014

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental</u>
	<u>17400 General Fund</u>	<u>86300 Capital Buildings Repair Fund</u>	<u>89200 STB Projects</u>		
REVENUES					
Service fees/premiums	\$ -	\$ 565,951	\$ -	\$ 1,815,017	\$ 2,380,968
Federal funds	-	-	-	97,238	97,238
Interest income	-	7,634	-	2,282	9,916
Other	760	600	-	-	1,360
Total revenues	<u>760</u>	<u>574,185</u>	<u>-</u>	<u>1,914,537</u>	<u>2,489,482</u>
EXPENDITURES					
Current expenditures:					
Personnel services	4,829,356	-	-	317,528	5,146,884
Employee benefits	1,834,680	-	-	152,909	1,987,589
In-state travel	4,233	-	-	1,650	5,883
Out-of-state travel	8,006	-	-	-	8,006
Maintenance and repairs	2,477,586	2,331,871	96,229	13,879	4,919,565
Supplies	295,241	3,403	11,969	26,194	336,807
Contractual services	501,377	-	-	262,973	764,350
Operating costs	3,175,443	-	3,068	44	3,178,555
Other costs	-	-	1,000	320,941	321,941
Capital outlay	71,946	8,360,653	30,936,326	6,686,409	46,055,334
Total expenditures	<u>13,197,868</u>	<u>10,695,927</u>	<u>31,048,592</u>	<u>7,782,527</u>	<u>62,724,914</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,197,108)</u>	<u>(10,121,742)</u>	<u>(31,048,592)</u>	<u>(5,867,990)</u>	<u>(60,235,432)</u>
OTHER FINANCING SOURCES (USES)					
Severance tax bond proceeds	-	-	31,103,592	4,221,504	35,325,096
Intra-agency transfer	(198,618)	-	-	(28,003)	(226,621)
Transfers:					
General and special appropriations	13,636,000	-	-	-	13,636,000
Reversions to State General Fund	(64,709)	-	-	-	(64,709)
Other State agency transfers, net	54,500	4,897,883	(55,000)	-	4,897,383
NET OTHER FINANCING SOURCES (USES)	<u>13,427,173</u>	<u>4,897,883</u>	<u>31,048,592</u>	<u>4,193,501</u>	<u>53,567,149</u>
NET CHANGE IN FUND BALANCES	230,065	(5,223,859)	-	(1,674,489)	(6,668,283)
FUND BALANCES, BEGINNING OF YEAR	<u>1,366</u>	<u>13,716,333</u>	<u>-</u>	<u>12,882,902</u>	<u>26,600,601</u>
FUND BALANCES, END OF YEAR	<u>\$ 231,431</u>	<u>\$ 8,492,474</u>	<u>\$ -</u>	<u>\$ 11,208,413</u>	<u>\$ 19,932,318</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, 2014**

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES)	\$ (6,668,283)
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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 increase in the liabilities for the fiscal year was:	(35,935)
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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	46,055,334
Depreciation expense	<u>(24,905,104)</u>
Excess of capital outlay over depreciation expense	21,150,230

The Statement of Activities reports the loss on the sale of equipment, while the Statement of Revenues, Expenditures and Changes in Fund Balance reports the proceeds. The reconciling amount is the difference:	<u>(1,734,494)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (STATEMENT OF ACTIVITIES)	<u>\$ 12,711,518</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
(BUDGETARY BASIS)
Year Ended June 30, 2014

	GENERAL FUND - TOTAL			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Appropriations	\$ 13,636,000	\$ 13,636,000	\$ 13,636,000	\$ -
Interest	-	-	-	-
Other revenues	-	-	760	760
Other financing sources	<u>54,500</u>	<u>54,500</u>	<u>54,500</u>	<u>-</u>
Total revenue	13,690,500	13,690,500	<u>13,691,260</u>	<u>\$ 760</u>
FUND BALANCE	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE BUDGETED	<u>\$ 13,690,500</u>	<u>\$ 13,690,500</u>		
EXPENDITURES AND OTHER FINANCING USES				
Personal services and employee benefits	\$ 7,890,100	\$ 6,667,100	6,664,036	\$ 3,064
Contractual services	279,300	503,300	501,377	1,923
Other	5,314,700	6,313,700	6,032,455	281,245
Other financing uses	<u>206,400</u>	<u>206,400</u>	<u>198,618</u>	<u>7,782</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 13,690,500</u>	<u>\$ 13,690,500</u>	<u>13,396,486</u>	<u>\$ 294,014</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES)			294,774	
NON-BUDGETED RECONCILING ITEMS				
Reversions to State General Fund			<u>(64,709)</u>	
NET CHANGE IN FUND BALANCE			230,065	
FUND BALANCE, BEGINNING OF YEAR			<u>1,366</u>	
FUND BALANCE, END OF YEAR			<u>\$ 231,431</u>	

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
June 30, 2014

	35300 State Unemployment Compensation Reserve	35700 Public Liability	35900 Workers' Compensation Retention	36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
ASSETS							
Current assets:							
Investment in the							
State General Fund Investment Pool	\$ 14,179,030	\$ 36,257,871	\$ 12,740,116	\$ 4,772,415	\$ 21,884,625	\$ 18,281,899	\$ 108,115,956
Receivables:							
Interest receivable	1,044	2,870	1,026	-	1,583	1,055	7,578
Accounts/trade receivable	2,957,644	522,151	1,053,984	959,557	1,444,005	1,814,508	8,751,849
Allowance for doubtful accounts	(2,834,227)	(522,151)	(1,053,984)	(74,189)	(743,821)	(1,521,191)	(6,749,563)
Due from other funds	-	-	-	38,101	-	119,700	157,801
Due from other agencies	-	6,746	-	-	-	115,276	122,022
Other assets	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	242,045	242,045
Total current assets	14,303,491	36,267,487	12,741,142	5,695,884	22,586,392	19,053,292	110,647,688
Non-current assets:							
Capital assets	-	-	-	22,103,113	-	4,406,584	26,509,697
Accumulated depreciation	-	-	-	(20,020,804)	-	(2,255,563)	(22,276,367)
Total non-current assets	-	-	-	2,082,309	-	2,151,021	4,233,330
TOTAL ASSETS	\$ 14,303,491	\$ 36,267,487	\$ 12,741,142	\$ 7,778,193	\$ 22,586,392	\$ 21,204,313	\$ 114,881,018

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF NET POSITION - ENTERPRISE FUNDS (CONTINUED)
June 30, 2014

	35300 State Unemployment Compensation Reserve	35700 Public Liability	35900 Workers' Compensation Retention	36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
LIABILITIES							
Current liabilities:							
Due to the State General							
Fund Investment Pool	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 461,446	\$ 461,446
Claims payable	5,811,822	38,910,359	11,551,052	-	37,889,901	3,199,386	97,362,520
Accounts payable	7,100,914	1,635,878	210,322	1,028,412	10,204,642	3,360,176	23,540,344
Accrued payroll	-	-	-	26,675	-	176,528	203,203
Due to other funds	-	-	-	5,151	-	161,529	166,680
Due to other agencies	-	-	-	-	-	4,293	4,293
Compensated absences	-	-	-	60,201	-	301,108	361,309
Total current liabilities	12,912,736	40,546,237	11,761,374	1,120,439	48,094,543	7,664,466	122,099,795
Long-term liabilities:							
Claims payable	-	68,375,061	37,306,098	-	-	440,280	106,121,439
Compensated absences	-	-	-	3,285	-	15,785	19,070
TOTAL LIABILITIES	12,912,736	108,921,298	49,067,472	1,123,724	48,094,543	8,120,531	228,240,304
NET POSITION							
Invested in capital assets	-	-	-	2,082,309	-	2,151,021	4,233,330
Unrestricted	1,390,755	(72,653,811)	(36,326,330)	4,572,160	(25,508,151)	10,932,761	(117,592,616)
Total net position	1,390,755	(72,653,811)	(36,326,330)	6,654,469	(25,508,151)	13,083,782	(113,359,286)
TOTAL LIABILITIES AND NET POSITION	\$ 14,303,491	\$ 36,267,487	\$ 12,741,142	\$ 7,778,193	\$ 22,586,392	\$ 21,204,313	\$ 114,881,018

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 POSITION - ENTERPRISE FUNDS
Year Ended June 30, 2014

	35300	35700
	State Unemployment Compensation Reserve	Public Liability
	<u> </u>	<u> </u>
OPERATING REVENUES		
Charges for premiums/services	\$ 20,805,500	\$ 34,763,090
Interest income	9,149	29,196
Other revenue	<u>-</u>	<u>-</u>
Total operating revenues	<u>20,814,649</u>	<u>34,792,286</u>
OPERATING EXPENSES		
Personnel services	-	-
Employee benefits	-	-
In-state travel	-	208
Out-of-state travel	-	-
Maintenance and repairs	-	-
Supplies	-	37,091
Contractual services	76,800	14,761,175
Depreciation	-	-
Operating costs	12,261,857	44,904
Other costs	<u>-</u>	<u>18,006,017</u>
Total operating expenses	<u>12,338,657</u>	<u>32,849,395</u>
Operating income/(loss)	<u>8,475,992</u>	<u>1,942,891</u>
NON-OPERATING REVENUES (EXPENSES)		
Gain on disposal of capital assets	-	-
Intra-agency transfers	(37,300)	(4,006,600)
Transfers:		
General appropriations	-	-
Other state agency transfers	-	-
Other state funds	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(37,300)</u>	<u>(4,006,600)</u>
CHANGE IN NET POSITION	8,438,692	(2,063,709)
NET POSITION (DEFICIT), BEGINNING	<u>(7,047,937)</u>	<u>(70,590,102)</u>
NET POSITION (DEFICIT), ENDING	<u>\$ 1,390,755</u>	<u>\$ (72,653,811)</u>

35900 Workers' Compensation Retention	36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
\$ 18,756,766	\$ 6,418,774	\$ 329,962,108	\$ 18,660,475	\$ 429,366,713
11,735	-	3,272	8,762	62,114
-	61,368	-	682,796	744,164
<u>18,768,501</u>	<u>6,480,142</u>	<u>329,965,380</u>	<u>19,352,033</u>	<u>430,172,991</u>
-	918,463	-	5,345,787	6,264,250
-	627,093	-	2,141,548	2,768,641
-	9,411	-	15,131	24,750
-	2,447	-	6,974	9,421
-	1,702,830	-	174,585	1,877,415
34,606	52,836	8,273	414,099	546,905
1,188,147	-	19,039,435	5,261,334	40,326,891
-	1,034,654	-	174,746	1,209,400
33,216	2,738,735	14,000	8,906,161	23,998,873
<u>15,129,373</u>	<u>-</u>	<u>289,887,911</u>	<u>1,850,966</u>	<u>324,874,267</u>
<u>16,385,342</u>	<u>7,086,469</u>	<u>308,949,619</u>	<u>24,291,331</u>	<u>401,900,813</u>
<u>2,383,159</u>	<u>(606,327)</u>	<u>21,015,761</u>	<u>(4,939,298)</u>	<u>28,272,178</u>
-	77,916	-	8,233	86,149
(1,080,000)	(374,332)	112,959	5,611,894	226,621
-	-	-	500,000	500,000
-	-	-	2,000	2,000
-	-	-	-	-
<u>(1,080,000)</u>	<u>(296,416)</u>	<u>112,959</u>	<u>6,122,127</u>	<u>814,770</u>
1,303,159	(902,743)	21,128,720	1,182,829	29,086,948
<u>(37,629,489)</u>	<u>7,557,212</u>	<u>(46,636,871)</u>	<u>11,900,953</u>	<u>(142,446,234)</u>
<u>\$ (36,326,330)</u>	<u>\$ 6,654,469</u>	<u>\$ (25,508,151)</u>	<u>\$ 13,083,782</u>	<u>\$ (113,359,286)</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, 2014

	35300 State Unemployment Compensation Reserve	35700 Public Liability	35900 Workers' Compensation Retention
OPERATING ACTIVITIES			
Premiums/service fees received	\$ 20,690,189	\$ 34,519,772	\$ 18,768,890
Other income	-	-	-
Cash paid to suppliers	(8,510,426)	(34,027,059)	(17,908,816)
Cash paid to employees	-	-	-
Net cash provided by (used in) operating activities	<u>12,179,763</u>	<u>492,713</u>	<u>860,074</u>
NON-CAPITAL FINANCING ACTIVITIES			
Appropriation from/reversion to State General Fund	-	-	-
Transfers	<u>(37,300)</u>	<u>(4,006,600)</u>	<u>(1,080,000)</u>
Net cash provided by (used in) non-capital financing activities	<u>(37,300)</u>	<u>(4,006,600)</u>	<u>(1,080,000)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	-	-	-
Proceeds from the sale of capital assets	-	-	-
Capital lease and expenditures	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	12,142,463	(3,513,887)	(219,926)
CASH, BEGINNING OF YEAR	<u>2,036,567</u>	<u>39,771,758</u>	<u>12,960,042</u>
CASH, END OF YEAR	<u>\$ 14,179,030</u>	<u>\$ 36,257,871</u>	<u>\$ 12,740,116</u>

36500		75200		
State Transportation Pool	Group Insurance Premium Stabilization	Other Enterprise Funds		Total
\$ 6,229,374	\$ 329,265,878	\$ 20,195,512	\$	429,669,615
48,288	-	226,070		274,358
(3,777,891)	(321,832,061)	(13,329,960)		(399,386,213)
<u>(1,529,919)</u>	<u>-</u>	<u>(7,515,801)</u>		<u>(9,045,720)</u>
<u>969,852</u>	<u>7,433,817</u>	<u>(424,179)</u>		<u>21,512,040</u>
-	-	500,000		500,000
<u>(374,333)</u>	<u>112,959</u>	<u>5,613,894</u>		<u>228,620</u>
<u>(374,333)</u>	<u>112,959</u>	<u>6,113,894</u>		<u>728,620</u>
(1,155,221)	-	(76,485)		(1,231,706)
93,100	-	9,302		102,402
<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
<u>(1,062,121)</u>	<u>-</u>	<u>(67,183)</u>		<u>(1,129,304)</u>
(466,602)	7,546,776	5,622,532		21,111,356
<u>5,239,017</u>	<u>14,337,849</u>	<u>12,659,367</u>		<u>87,004,600</u>
<u>\$ 4,772,415</u>	<u>\$ 21,884,625</u>	<u>\$ 18,281,899</u>	<u>\$</u>	<u>108,115,956</u>

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS (CONTINUED)
Year Ended June 30, 2014**

	35300 State Unemployment Compensation Reserve	35700 Public Liability	35900 Workers' Compensation Retention
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	8,475,992	1,942,891	2,383,159
Adjustments:			
Depreciation	-	-	-
Decrease (increase) in assets:			
Accounts receivable and due from other agencies and funds	(124,461)	(4,535)	389
Inventories	-	-	-
Other assets	-	-	-
Increase (decrease) in liabilities:			
Claims payable	(2,117,539)	(1,177,664)	(1,675,587)
Accounts payable and due to other agencies and funds	5,945,771	(267,979)	152,113
Accrued expenses	-	-	-
Accrued compensated absences	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 12,179,763</u>	<u>\$ 492,713</u>	<u>\$ 860,074</u>

36500	75200		
State Transportation Pool	Group Insurance Premium Stabilization	Other Enterprise Funds	Total
(606,327)	21,015,761	(4,939,298)	28,272,178
1,034,654	-	174,746	1,209,400
(189,614)	(699,502)	1,008,159	(9,564)
-	-	44,410	44,410
214	-	(115,062)	(114,848)
-	20,719,033	2,331,856	18,080,099
715,288	(33,601,475)	1,069,577	(33,002,053)
2,609	-	37,923	40,532
13,028	-	(36,490)	(23,462)
<u>\$ 969,852</u>	<u>\$ 7,433,817</u>	<u>\$ (424,179)</u>	<u>\$ 21,512,040</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, 2014

	Agency Funds
ASSETS	
Investment in the State General Fund Investment Pool	\$ 1,799,542
Due from other funds	-
TOTAL ASSETS	\$ 1,799,542
LIABILITIES	
Accounts payable	\$ 544,032
Deposits held in custody for others	1,255,510
TOTAL LIABILITIES	\$ 1,799,542

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 – DEFINITION OF REPORTING ENTITY

The State of New Mexico General Services Department (the 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 the Government Accounting Standards Board (GASB), 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, Facilities Maintenance, 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, 2014.

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. 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, 2014

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 position 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 position are invested in capital assets, net of related debt (if applicable) and 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, 2014

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 position, 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, 2014**

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.

Severance Tax Bond (STB) Projects - A capital projects fund used to account for the acquisition, improvement, alteration or reconstruction of long-term assets.

The governmental-type funds identified below did not have budget authority for the fiscal year, nor did they have any financial activity or balances. Because of this, they have not been included for presentation in the financial statements.

<u>Fund No.</u>	<u>Description</u>
89000	American Recovery and Reinvestment Act
36400	Laws of 2004
30600	Laws of 2003
24900	Laws of 2002
76600	Laws of 2000
35500	Laws of 1999

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.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major enterprise-type funds include:

State Unemployment Compensation Reserve – accounts for the administration of all contributions collected and payments made to beneficiaries pursuant to the Unemployment Compensation Law.

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.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Department did not have any items that qualified for reporting in this category as of June 30, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Department did not have any items that were required to be reported in this category as of June 30, 2014.

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made for it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are various charges between the business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Restricted Expendable Net Position

GASB Pronouncement Number 46 states that net position is 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 position are net investment in capital assets, restricted and unrestricted.

Restricted expendable net position is 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 position accounts are summarized below:

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

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 3 – STATE GENERAL FUND INVESTMENT POOL

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating any of the historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences will be reported in the State General Fund

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.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

At June 30, 2014, the Department had the following invested in the State General Fund Investment Pool:

State General Fund Investment Pool \$ 128,202,769

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, 2014.

The fair value of the investments maintained at the New Mexico State Treasurer's Office are as follows at June 30, 2014:

Investment	Balance, June 30, 2014
New Mexico State Treasurer's Office	
General Fund Investment Pool (Primary Government)	\$ 128,202,769
Agency Fund Total	<u>1,799,542</u>
Total	<u>\$ 130,002,311</u>

Pledged Collateral (Custodial Credit Risk)

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

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

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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

NOTE 5 - INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES

Interfund receivables and payables as of June 30, 2014 are as follows:

	Due From Other Funds	Due To Other Funds
Governmental Funds:		
Major Governmental Funds:		
General Fund – 17400	\$ 7,782	\$ -
STB Projects – 89200	948,242	-
Other Governmental Funds	1,097	948,242
Total Governmental Funds	957,121	948,242
Enterprise Funds:		
Major Enterprise Funds:		
State Transportation Pool – 36500	38,101	5,151
Other Enterprise Funds	119,700	161,529
Total Enterprise Funds	157,801	166,680
Total All Funds	\$ 1,114,922	\$ 1,114,922

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

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 5 - INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES (CONTINUED)

Due from other state agencies as of June 30, 2014 are as follows:

Due From Other State Agencies	Fund No.	Amount	Due From Agency/Purpose	Fund No.	Amount
Public Liability	35700	\$ 3,901	EMNRD - Federal Grant	06400	\$ 3,901
Public Liability	35700	2,845	DCA - Attorney Fees	53000	2,845
Risk Management	35200	66,660	EMNRD - Federal Grant	06400	66,660
Risk Management	35200	48,616	DCA - Attorney Fees	53000	48,616
Laws of 2006	64100	8,539	DFA - Severance Tax Draw	1900	8,539
STB Projects	89200	4,199,608	DFA - Severance Tax Draw	1900	4,199,608
Capital Projects 1995 Appropriation	97000	65,130	EMNRD - MOU	19900	65,130
Capital Projects 1995 Appropriation	97000	<u>8,780</u>	EMNRD - MOU	19900	<u>8,780</u>
Total All Funds		<u>\$ 4,404,079</u>			<u>\$ 4,404,079</u>

Due to other state agencies as of June 30, 2014 are as follows:

Due To Other State Agencies	Fund No.	Amount	Due To Agency/ Purpose	Fund No.	Amount
General Fund	17400	\$ 64,709	DFA - Reversions/Warrants	85300	\$ 64,958
Capitol Buildings Repair Fund	86300	109,429	Legislative Council	07500	109,429
Program Support	19700	<u>4,293</u>	DFA - MOU Korte	01000	<u>4,293</u>
Total All Funds		<u>\$ 178,431</u>			<u>\$ 178,680</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, 2014

NOTE 6 - CAPITAL ASSETS

<u>Governmental-type Activities</u>	<u>Balance, June 30, 2013</u>	<u>Additions</u>
Building and improvements	\$ 790,574,169	\$ -
Machinery	2,820,088	167,547
Construction in progress	<u>96,905,682</u>	<u>44,553,744</u>
Total	<u>890,299,939</u>	<u>44,721,291</u>
Accumulated depreciation:		
Buildings and improvements	(402,482,919)	(24,110,446)
Machinery and equipment	<u>(1,066,066)</u>	<u>(794,658)</u>
Total accumulated depreciation	<u>(403,548,985)</u>	<u>(24,905,104)</u>
Land	<u>18,310,180</u>	<u>1,334,043</u>
Net total	<u>\$ 505,061,134</u>	<u>\$ 21,150,230</u>

Depreciation expense of \$24,905,104 was charged to the Capital Projects function.

\$85,901,811 was reclassified from construction in progress amongst buildings and improvements, land, and machinery as projects were completed.

<u>Transfers</u>	<u>Deletions</u>	<u>Balance, June 30, 2014</u>
\$ 77,163,932	\$ (7,823,452)	\$ 859,914,649
8,590,181	(87,093)	11,490,723
<u>(85,901,811)</u>	<u>-</u>	<u>55,557,615</u>
<u>(147,698)</u>	<u>(7,910,545)</u>	<u>926,962,987</u>
-	6,088,958	(420,504,407)
<u>-</u>	<u>87,093</u>	<u>(1,773,631)</u>
<u>-</u>	<u>6,176,051</u>	<u>(422,278,038)</u>
<u>147,698</u>	<u>-</u>	<u>19,791,921</u>
<u>\$ -</u>	<u>\$ (1,734,494)</u>	<u>\$ 524,476,870</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Business-type Activities Capital Assets

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

<u>Business-type Activities</u>	<u>Balance, June 30, 2013</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance, June 30, 2014</u>
Aircraft, autos and trucks	\$ 27,784,830	1,154,538	(4,432,016)	\$ 24,507,352
Buildings and improvements	1,798	-	-	1,798
Furniture and fixtures	49,843	-	-	49,843
Machinery and equipment	1,179,525	13,908	(85,803)	1,107,630
Information Technology	909,196	63,260	(129,382)	843,074
Total	<u>29,925,192</u>	<u>1,231,706</u>	<u>(4,647,201)</u>	<u>26,509,697</u>
Accumulated depreciation:				
Aircraft, autos and trucks	(23,799,927)	(1,134,244)	4,424,389	(20,509,782)
Buildings and improvements	(1,798)	-	-	(1,798)
Furniture and fixtures	(49,843)	-	-	(49,843)
Machinery and equipment	(1,121,324)	(11,313)	84,734	(1,047,903)
Information Technology	(732,580)	(63,843)	129,382	(667,041)
Total accumulated depreciation	<u>(25,705,472)</u>	<u>(1,209,400)</u>	<u>4,638,505</u>	<u>(22,276,367)</u>
Net total	<u>\$ 4,219,720</u>	<u>\$ 22,306</u>	<u>\$ (8,696)</u>	<u>\$ 4,233,330</u>

Depreciation expense of \$1,034,654 was charged to Transportation Services and \$174,746 was charged to Program Support.

NOTE 7 - LEASES (ENTERPRISE FUNDS)

Operating Leases

Lease expenditures/expenses for the year ended June 30, 2014 totaled approximately \$2,859,686. 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, 2014

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, 2014:

Years ending June 30:

2015	\$ 2,180,429
2016	167,827
2017	89,806
2018	1,945
2019 and thereafter	<u>-</u>
Total	<u>\$ 3,070,006</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 (RMD) of the General Services Department. The 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 \$203,483,959 were reported by the Department through June 30, 2014. 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, 2014 and the date the claims are ultimately expected to be paid.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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:

Fund	Balance, June 30, 2013	Incurred (net of Actuarial Provision)	Payments	Balance, June 30, 2014
35300 State Unemployment	\$ 7,929,361	\$ (2,116,344)	\$ (1,195)	\$ 5,811,822
35400 Local Public Body	1,744,459	1,236,614	(1,702,472)	1,278,601
35600 Public Property Reserve	1,749,559	6,449,895	(5,844,246)	2,355,208
35700 Public Liability	108,463,084	16,737,225	(17,914,889)	107,285,420
35800 Surety Bond	5,857	(251,508)	251,508	5,857
35900 Workers' Compensation	50,532,737	13,453,786	(15,129,373)	48,857,150
75200 Group Insurance Premium	<u>42,250,043</u>	<u>285,435,426</u>	<u>(289,795,568)</u>	<u>37,889,901</u>
Net total	<u>\$ 212,675,100</u>	<u>\$ 320,945,094</u>	<u>\$(330,136,235)</u>	<u>\$ 203,483,959</u>

Fund	Balance, June 30, 2012	Incurred (net of Actuarial Provision)	Payments	Balance, June 30, 2013
35300 State Unemployment	\$ 9,080,079	\$ (1,148,741)	\$ (1,977)	\$ 7,929,361
35400 Local Public Body	2,043,018	749,596	(1,048,155)	1,744,459
35600 Public Property Reserve	1,725,120	4,172,718	(4,148,279)	1,749,559
35700 Public Liability	189,213,947	(59,976,771)	(20,774,092)	108,463,084
35800 Surety Bond	14,407	(5,301)	(3,249)	5,857
35900 Workers' Compensation	42,284,412	25,264,851	(17,016,526)	50,532,737
75200 Group Insurance Premium	<u>40,154,259</u>	<u>319,178,277</u>	<u>(317,082,493)</u>	<u>42,250,043</u>
Net total	<u>\$ 284,515,242</u>	<u>\$ 288,234,629</u>	<u>\$(360,074,771)</u>	<u>\$ 212,675,100</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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, June 30, 2013</u>	<u>Increase</u>	<u>Adjustments/ (Decrease)</u>	<u>Balance, June 30, 2014</u>	<u>Amounts Due within One Year</u>
\$ 268,342	\$ 361,963	\$ (326,028)	\$ 304,277	\$ 279,676

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

<u>Balance, June 30, 2013</u>	<u>Increase</u>	<u>Adjustments/ (Decrease)</u>	<u>Balance, June 30, 2014</u>	<u>Amounts Due within One Year</u>
\$ 386,288	\$ 484,517	\$ (490,426)	\$ 380,379	\$ 361,309

NOTE 10 - JOINT POWERS AGREEMENTS

The 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, 2012, to June 30, 2016, 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 Office of the Secretary entered into an agreement with the Department of Finance and Administration (DFA), wherein DFA will provide public information officer and records custodian duties and GSD will reimburse DFA 50% with respect to the cost of employment and cell phone.

The General Services Department Property Control Division (now Facilities Management Division) entered into an agreement with the Department of Cultural Affairs in FY13 and FY14, wherein monies will be transferred for the maintenance of Fort Stanton on the Fort Stanton Historic Site.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 10 - JOINT POWERS AGREEMENTS (CONTINUED)

The General Services Department Property Control Division (now Facilities Management Division) entered into an agreement with New Mexico Department of Workforce Solutions (NMDWS) for NMDWS to provide funding and financial administration to provide project administration for certain projects identified by NMDWS.

<u>Participants</u>	<u>Responsible Party</u>	<u>Description</u>	<u>Term</u>	<u>Total Amount</u>	<u>Current Year Amount</u>	<u>Books Recorded</u>
Office of the Governor/GSD	State Personnel Office	See above	May 2011 until terminated by the Office of the Governor	\$ 27,636		GSD
NMCD/GSD	GSD	See above	July 2012 - June 2016	\$ 987,384	\$ 243,724	GSD
GSD/DFA	DFA	See above	February 14, 2011 until terminated by DFA		\$ 47,792	DFA
DCA	GSD	See above	May 2013 - June 2014	\$ 20,000		GSD
GSD/NMDWS	GSD	See above	November 12, 2013			GSD

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 11 – OPERATING TRANSFERS

Transfers between funds for the year ended June 30, 2014 are as follows:

Fund Description	Fund #	Transfer In	Transfer Out	Net
Governmental Funds				
General Fund - Major	17400	\$ 7,782	\$ (206,400)	\$ (198,618)
Purchasing Division Fees Fund	28600	1,097	(29,100)	(28,003)
Total Governmental Funds		<u>8,879</u>	<u>(235,500)</u>	<u>(226,621)</u>
Enterprise Funds				
Program Support Fund	19700	3,662,500	(138,096)	3,524,404
Employee Assistance Program	21500		(112,959)	(112,959)
Risk Management Operating Fund	35200	5,896,369	(2,961,600)	2,934,769
State Unemployment Compensation Fund	35300	-	(37,300)	(37,300)
LPB Unemployment Compensation	35400	-	(60,100)	(60,100)
Public Property Reserve	35600	-	(515,000)	(515,000)
Public Liability Fund - Major	35700	-	(4,006,600)	(4,006,600)
Surety Bond	35800	-	(85,700)	(85,700)
Workers' Compensations Retention Fund-Major	35900	-	(1,080,000)	(1,080,000)
Surplus Property Bureau Fund	36000	1,519	(40,300)	(38,781)
State Transportation Fund - Major	36500	14,668	(389,000)	(374,332)
State Aircraft Bureau Fund	41700	1,361	(36,100)	(34,739)
Group Insurance Premium Stabilization - Major	75200	112,959	-	112,959
Total Enterprise Funds		<u>9,689,376</u>	<u>(9,462,755)</u>	<u>226,621</u>
Total		<u>\$ 9,698,255</u>	<u>\$ (9,698,255)</u>	<u>\$ -</u>

Transfers from (to) other state agencies for the year ended June 30, 2014 are as follows:

State Agency	Agency Number	17400 General Fund	86300 Capital Projects Repair Fund	89200 Severance Tax Bond	Governmental Funds Subtotal	41700 State Aircraft Pool	Enterprise Funds Subtotal
Dept. of Finance and Administration	34100	\$ 54,500	\$ 4,897,883	\$ -	\$ 4,952,383	\$ 2,000	\$ 2,000
Dept. of Cultural Affairs	50500	-	-	(55,000)	(55,000)	-	-
		<u>\$ 54,500</u>	<u>\$ 4,897,883</u>	<u>\$ (55,000)</u>	<u>\$ 4,897,383</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014**

NOTE 12 - REVERSIONS

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

		<u>Year of Appropriation</u>	
17400	General Fund	2014	\$ 62,616
17400	General Fund - Capital Projects	2014	<u>2,093</u>
			<u>\$ 64,709</u>

In accordance with statute Section 6-5-10(A) NMSA 1978, all unrestricted balances in reverting funds and accounts as reflected in the SHARE system as of June 30 shall revert. \$64,709 is payable at June 30, 2014, and due by September 30, 2014. 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 16.59% 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, 2014, 2013 and 2012 were \$1,751,072, \$1,689,687 and \$1,389,755, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3,4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the Legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Department's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$211,410, \$193,678 and \$189,027, respectively, which equal the requirement 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, 2014, 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, 2014

NOTE 16 – NET POSITION DEFICITS

The following funds had net position deficits at June 30, 2014:

Enterprise Funds:

35700	Public Liability	357	\$	(72,653,811)
35900	Workers' Compensation Retention	359	\$	(36,326,330)
75200	Group Insurance Premium Stabilization	752	\$	(25,508,151)
80600	State Printing	806	\$	(213,611)

The Public Liability, State Unemployment Compensation and Workers' Compensation Retention funds are Risk Management funds that include claims liabilities (see Note 8, Insurance Claims Payable) based on future actuarial estimated losses from claims incurred that the affected funds would need to pay using June 30, 2014 net position 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 position 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. The committed portion is committed for maintenance and utility costs.

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, 2014

NOTE 17 – FUND BALANCE (CONTINUED)

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
17400 General Fund			
Maintenance Costs	\$ -	\$ 231,431	\$ -
86300 Capitol Building Repair Fund			
State Building Repair	8,492,474	-	-
12500 Administrative Costs			
Capital Projects	2,728,732	-	-
28600 Purchasing Division Fees			
Procurement Services	2,595,258	-	-
28700 Public Building Repair			
State Building Repair	2,288,253	-	-
78500 Property Control Reserve			
Capital Projects	1,940,914	-	-
28500 Tobacco Tax: DOH Facilities			
Capital Projects	1,649,458	-	-
97000 Laws of 2005			
Capital Projects	<u>5,798</u>	<u>-</u>	<u>-</u>
	<u>\$ 19,700,887</u>	<u>\$ 231,431</u>	<u>\$ -</u>

NOTE 18 – SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact of this pronouncement on its financial statements. GASBS No. 68 will require the Department to record its proportionate share of the unfunded pension plan liabilities in the New Mexico State Retirement System and other plans. Although the amount of the liability is unknown, it is presumed to be material.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

NOTE 18 – SUBSEQUENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In January 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact of this pronouncement on its financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combination* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact (if any) of this pronouncement on its financial statements.

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

SUPPLEMENTARY 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

Facilities Maintenance Division

Building Services Division

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING BALANCE SHEET - BY FUND TYPE -
NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Investment in State General Fund			
Investment Pool	\$ 7,885,812	\$ 4,676,682	\$ 12,562,494
Receivables:			
Interest receivable	-	154	154
Due from other funds	1,097	-	1,097
Due from other agencies	-	82,449	82,449
Other assets	-	-	-
Inventories	-	-	-
	<u>\$ 7,886,909</u>	<u>\$ 4,759,285</u>	<u>\$ 12,646,194</u>
TOTAL ASSETS			
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to the State General			
Fund Investment Pool	\$ -	\$ 15,717	\$ 15,717
Accounts payable	263,692	132,333	396,025
Unearned revenue	-	66,823	66,823
Accrued payroll	10,974	-	10,974
Due to other funds	-	948,242	948,242
Due to State General Fund	-	-	-
Due to other agencies	-	-	-
	<u>274,666</u>	<u>1,163,115</u>	<u>1,437,781</u>
Total liabilities			
FUND BALANCE			
Nonspendable:			
Inventories	-	-	-
Restricted	7,612,243	3,596,170	11,208,413
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>7,612,243</u>	<u>3,596,170</u>	<u>11,208,413</u>
Total fund balances			
	<u>\$ 7,886,909</u>	<u>\$ 4,759,285</u>	<u>\$ 12,646,194</u>
TOTAL LIABILITIES AND FUND BALANCES			

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, 2014

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES			
Service fees/premiums	\$ 1,815,017	\$ -	\$ 1,815,017
Federal funds	-	97,238	97,238
Interest income	-	2,282	2,282
Other	-	-	-
Total revenues	<u>1,815,017</u>	<u>99,520</u>	<u>1,914,537</u>
EXPENDITURES			
Current:			
Personnel services	317,528	-	317,528
Employee benefits	152,909	-	152,909
In-state travel	1,650	-	1,650
Out-of-state travel	-	-	-
Maintenance and repairs	17,363	(3,484)	13,879
Supplies	26,194	-	26,194
Contractual services	262,973	-	262,973
Operating costs	44	-	44
Other costs	320,941	-	320,941
Capital outlay	<u>244,136</u>	<u>6,442,273</u>	<u>6,686,409</u>
Total expenditures	<u>1,343,738</u>	<u>6,438,789</u>	<u>7,782,527</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>471,279</u>	<u>(6,339,269)</u>	<u>(5,867,990)</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, 2014

	Special Revenue Funds	Capital Projects Funds	Total
OTHER FINANCING SOURCES (USES)			
Severance tax bond proceeds	\$ -	\$ 4,221,504	\$ 4,221,504
Intra-agency transfer	(28,003)	-	(28,003)
Transfers:			
General appropriations	-	-	-
Reversions to State General Fund	-	-	-
Other state agency transfers	-	-	-
Total other financing sources (uses)	<u>(28,003)</u>	<u>4,221,504</u>	<u>4,193,501</u>
NET CHANGE IN FUND BALANCES	443,276	(2,117,765)	(1,674,489)
FUND BALANCES, BEGINNING OF YEAR	<u>7,168,967</u>	<u>5,713,935</u>	<u>12,882,902</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,612,243</u>	<u>\$ 3,596,170</u>	<u>\$ 11,208,413</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 Facilities Maintenance Division. The fund shall consist of appropriations, building use fees, gifts, grants, donations and bequests.

Procurement Assistance Program Fund

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

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUES FUNDS
June 30, 2014**

	12500 Administrative Costs	28600 Purchasing Division Fees	28700 Public Buildings Repair	58500 Procurement Assistance Program	Total
ASSETS					
Investment in the State General Fund Investment Pool	\$ 2,821,231	\$ 2,631,458	\$ 2,433,123	\$ -	\$ 7,885,812
Receivables:					
Interest receivable	-	-	-	-	-
Due from other funds	-	1,097	-	-	1,097
Due from other agencies	-	-	-	-	-
Other assets	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 2,821,231	\$ 2,632,555	\$ 2,433,123	\$ -	\$ 7,886,909
LIABILITIES					
Due to the State General Fund Investment Pool	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	92,499	26,323	144,870	-	263,692
Unearned revenue	-	-	-	-	-
Accrued payroll	-	10,974	-	-	10,974
Due to other funds	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Due to other agencies	-	-	-	-	-
Total liabilities	92,499	37,297	144,870	-	274,666
FUND BALANCES					
Nonspendable:					
Inventories	-	-	-	-	-
Restricted	2,728,732	2,595,258	2,288,253	-	7,612,243
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,728,732	2,595,258	2,288,253	-	7,612,243
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,821,231	\$ 2,632,555	\$ 2,433,123	\$ -	\$ 7,886,909

**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, 2014**

	12500 Administrative Costs	28600 Purchasing Division Fees	28700 Public Buildings Repair	58500 Procurement Assistance Program	Total
REVENUES					
Service fees/premiums	\$ -	\$ 1,760,091	\$ 54,926	\$ -	\$ 1,815,017
Interest income	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>-</u>	<u>1,760,091</u>	<u>54,926</u>	<u>-</u>	<u>1,815,017</u>
EXPENDITURES					
Current expenditures:					
Personnel services	-	317,528	-	-	317,528
Employee benefits	-	152,909	-	-	152,909
In-state travel	1,650	-	-	-	1,650
Out-of-state travel	-	-	-	-	-
Maintenance and repairs	-	-	17,363	-	17,363
Supplies	26,194	-	-	-	26,194
Contractual services	59,636	203,337	-	-	262,973
Operating costs	44	-	-	-	44
Other costs	320,842	99	-	-	320,941
Capital outlay	-	95,600	148,536	-	244,136
Total expenditures	<u>408,366</u>	<u>769,473</u>	<u>165,899</u>	<u>-</u>	<u>1,343,738</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
	(408,366)	990,618	(110,973)	-	471,279
OTHER FINANCING SOURCES (USES)					
Severance tax bond proceeds	-	-	-	-	-
Intra-agency transfer	-	(28,003)	-	-	(28,003)
Transfers:					
General and special appropriations	-	-	-	-	-
Reversions to State General Fund	-	-	-	-	-
Other state agency transfers	-	-	-	-	-
Net other financing sources (uses)	<u>-</u>	<u>(28,003)</u>	<u>-</u>	<u>-</u>	<u>(28,003)</u>
NET CHANGE IN FUND BALANCES					
	(408,366)	962,615	(110,973)	-	443,276
FUND BALANCES, BEGINNING					
	<u>3,137,098</u>	<u>1,632,643</u>	<u>2,399,226</u>	<u>-</u>	<u>7,168,967</u>
FUND BALANCES, ENDING					
	<u>\$ 2,728,732</u>	<u>\$ 2,595,258</u>	<u>\$ 2,288,253</u>	<u>\$ -</u>	<u>\$ 7,612,243</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. Two percent of this fund shall be transferred annually to a "state capital maintenance fund", hereby created, as a special perpetual fund for the upkeep and maintenance of the capitol renovation and capital grounds.

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 Facilities Maintenance 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 Facilities Maintenance 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:

- 28500 Tobacco Tax: DOH Facilities - reverting
- 97000 Laws of 2005 - reverting
- 35500 Laws of 1999 – reverting
- 64100 Laws of 2006 - reverting
- 93100 General Fund Projects - reverting
- 89200 Severance Tax Bond (STB) Projects (Major Fund) – reverting

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING BALANCE SHEET - NON-MAJOR CAPITAL PROJECTS FUNDS
 June 30, 2014

	78500 Property Control Reserve	28500 Tobacco Tax: DOH Facilities	97000 Laws of 2005	35500 Laws of 1999	64100 Laws of 2006	93100 General Fund Projects	Total
ASSETS							
Investment in the State General Fund Investment Pool	\$ 2,020,698	\$ 1,649,458	\$ -	\$ -	\$ 1,006,526	\$ -	\$ 4,676,682
Receivables:							
Interest receivable	154	-	-	-	-	-	154
Due from other funds	-	-	-	-	-	-	-
Due from other agencies	-	-	73,910	-	8,539	-	82,449
Other assets	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,020,852	\$ 1,649,458	\$ 73,910	\$ -	\$ 1,015,065	\$ -	\$ 4,759,285
LIABILITIES							
Due to the State General Fund Investment Pool	\$ -	\$ -	\$ 15,717	\$ -	\$ -	\$ -	\$ 15,717
Accounts payable	79,938	-	52,395	-	-	-	132,333
Unearned revenue	-	-	-	-	66,823	-	66,823
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	948,242	-	948,242
Due to State General Fund	-	-	-	-	-	-	-
Due to other agencies	-	-	-	-	-	-	-
Total liabilities	79,938	-	68,112	-	1,015,065	-	1,163,115
FUND BALANCES (DEFICIT)							
Nonspendable:							
Inventories	-	-	-	-	-	-	-
Restricted	1,940,914	1,649,458	5,798	-	-	-	3,596,170
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	1,940,914	1,649,458	5,798	-	-	-	3,596,170
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,020,852	\$ 1,649,458	\$ 73,910	\$ -	\$ 1,015,065	\$ -	\$ 4,759,285

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, 2014

	78500 Property Control Reserve	28500 Tobacco Tax: DOH Facilities	97000 Laws of 2005	35500 Laws of 1999	64100 Laws of 2006	93100 General Fund Projects	Total
REVENUES							
Service fees/premiums	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	97,238	-	-	-	97,238
Interest income	2,282	-	-	-	-	-	2,282
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>2,282</u>	<u>-</u>	<u>97,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,520</u>
EXPENDITURES							
Current:							
Personnel services	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-
In-state travel	-	-	-	-	-	-	-
Out-of-state travel	-	-	-	-	-	-	-
Maintenance & repairs	-	-	-	-	(3,484)	-	(3,484)
Supplies	-	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-	-
Operating costs	-	-	-	-	-	-	-
Other costs	-	-	-	-	-	-	-
Capital outlay	1,858,801	4,242,542	290,392	-	50,538	-	6,442,273
Total expenditures	<u>1,858,801</u>	<u>4,242,542</u>	<u>290,392</u>	<u>-</u>	<u>47,054</u>	<u>-</u>	<u>6,438,789</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,856,519)	(4,242,542)	(193,154)	-	(47,054)	-	(6,339,269)
OTHER FINANCING SOURCES (USES)							
Severance tax bond proceeds	-	4,174,450	-	-	47,054	-	4,221,504
Intra-agency transfers	-	-	-	-	-	-	-
Transfers:							
General appropriations	-	-	-	-	-	-	-
Reversions to State General Fund	-	-	-	-	-	-	-
Other State agency transfers	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>4,174,450</u>	<u>-</u>	<u>-</u>	<u>47,054</u>	<u>-</u>	<u>4,221,504</u>
NET CHANGE IN FUND BALANCES	(1,856,519)	(68,092)	(193,154)	-	-	-	(2,117,765)
BEGINNING FUND BALANCES	<u>3,797,433</u>	<u>1,717,550</u>	<u>198,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,713,935</u>
ENDING FUND BALANCES	<u>\$ 1,940,914</u>	<u>\$ 1,649,458</u>	<u>\$ 5,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,596,170</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR SPECIAL REVENUE FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS)
Year Ended June 30, 2014

	ADMINISTRATIVE COSTS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Budgeted fund balance	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenues and other financing sources	-	-	-	\$ -
Fund balance	<u>732,459</u>	<u>3,932,459</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	<u>\$ 732,459</u>	<u>\$ 3,932,459</u>		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	524,818	2,764,818	59,636	2,705,182
Other costs	207,641	1,167,641	348,730	818,911
Other financing uses	-	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 732,459</u>	<u>\$ 3,932,459</u>	<u>408,366</u>	<u>\$ 3,524,093</u>
NET CHANGE IN FUND BALANCE			(408,366)	
FUND BALANCE, JULY 1, 2013			<u>3,137,098</u>	
FUND BALANCE, JUNE 30, 2014			<u>\$ 2,728,732</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR SPECIAL REVENUE FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)

Year Ended June 30, 2014

	PURCHASING DIVISION FEES			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Service fees	\$ 857,300	\$ 857,300	\$ 1,760,091	\$ 902,791
Severance tax bond proceeds	-	-	-	-
Appropriations	420,329	420,329	-	(420,329)
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenues and other financing sources	1,277,629	1,277,629	1,760,091	\$ 482,462
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	\$ 1,277,629	\$ 1,277,629		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ 668,600	\$ 668,600	470,437	\$ 198,163
Contractual services	410,129	484,129	203,337	280,792
Other costs	169,800	95,800	95,699	101
Other financing uses	29,100	29,100	28,003	1,097
TOTAL EXPENDITURES AND OTHER FINANCING USES	1,277,629	\$ 1,277,629	797,476	\$ 480,153
NET CHANGE IN FUND BALANCE			962,615	
FUND BALANCE, JULY 1, 2013			1,632,643	
FUND BALANCE, JUNE 30, 2014			\$ 2,595,258	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR SPECIAL REVENUE FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	PUBLIC BUILDINGS REPAIR			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Service fees	\$ 900,000	\$ 900,000	\$ 54,926	\$ (845,074)
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	-	-	-	-
Total revenues and other financing sources	900,000	900,000	54,926	\$ (845,074)
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	\$ 900,000	\$ 900,000		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	\$ -	-	-
Contractual services	-	-	-	-
Other costs	900,000	900,000	165,899	734,101
Other financing uses	-	-	-	-
	-	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 900,000	\$ 900,000	165,899	\$ 734,101
NET CHANGE IN FUND BALANCE			(110,973)	
FUND BALANCE, JULY 1, 2013			2,399,226	
FUND BALANCE, JUNE 30, 2014			<u>\$ 2,288,253</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR SPECIAL REVENUE FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	PROCUREMENT ASSISTANCE PROGRAM			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER				
FINANCING SOURCES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	-----	-----	-----	-----
Total revenues and other financing sources	-	-	-	\$ -
	-----	-----		-----
Fund balance	-	-		
	-----	-----		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED	\$ -	\$ -		
	-----	-----		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
	-----	-----	-----	-----
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	-	\$ -
	-----	-----	-----	-----
NET CHANGE IN FUND BALANCE			-	
NON-BUDGETED RECONCILING ITEMS				
Reversions to State General Fund				
NET CHANGE IN FUND BALANCE			-	
FUND BALANCE, JULY 1, 2013			-	

FUND BALANCE, JUNE 30, 2014			\$ -	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	PROPERTY CONTROL RESERVE FUND			
	Life-to-Date Budgeted Amounts	FY14 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES AND OTHER				
FINANCING SOURCES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	-	-	-	-
Appropriations	2,300,000	-	-	(2,300,000)
Interest	-	2,282	2,282	2,282
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenues and other financing sources	2,300,000	2,282	\$ 2,282	\$ (2,297,718)
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	\$ 2,300,000	2,282		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	2,300,000	1,858,801	1,878,375	421,625
Other uses	-	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 2,300,000	1,858,801	\$ 1,878,375	\$ 421,625
NET CHANGE IN FUND BALANCE		(1,856,519)		
FUND BALANCE, JULY 1, 2013		3,797,433		
FUND BALANCE, JUNE 30, 2014		\$ 1,940,914		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	TOBACCO TAX: DOH FACILITIES			
	Life-to-Date Budgeted Amounts	FY14 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES AND OTHER FINANCING SOURCES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	10,382,572	4,174,450	10,338,288	(44,284)
Other financing sources	-	-	-	-
Total revenue	10,382,572	4,174,450	<u>\$ 10,338,288</u>	<u>\$ (44,284)</u>
Total revenues and other financing sources	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 10,382,572</u>	<u>4,174,450</u>		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	10,247,947	4,242,542	9,172,083	1,075,864
Other financing uses	134,625	-	134,625	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 10,382,572</u>	<u>4,242,542</u>	<u>\$ 9,306,708</u>	<u>\$ 1,075,864</u>
NET CHANGE IN FUND BALANCE		(68,092)		
FUND BALANCE, JULY 1, 2013		<u>1,717,550</u>		
FUND BALANCE, JUNE 30, 2014		<u>\$ 1,649,458</u>		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	LAWS OF 2005			
	Life-to-Date Budgeted Amounts	FY14 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES AND OTHER				
FINANCING SOURCES				
Service fees	\$ -	\$ -	\$ -	\$ -
Federal Funds	305,234	97,238	97,238	207,996
Appropriations	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>200,000</u>	<u>-</u>	<u>307,131</u>	<u>107,131</u>
Total revenues and other financing sources	505,234	97,238	<u>\$ 404,369</u>	<u>\$ 315,127</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 505,234</u>	<u>97,238</u>		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	-	\$ -	-
Contractual services	422,407	247,107	315,748	106,659
Other costs	82,827	43,285	82,822	5
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 505,234</u>	<u>290,392</u>	<u>\$ 398,570</u>	<u>\$ 106,664</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FUNDING SOURCES (USES)				
		(193,154)		
NON-BUDGETED RECONCILING ITEMS				
Reversions of capital project funds		<u>-</u>		
NET CHANGE IN FUND BALANCE		(193,154)		
FUND BALANCE, JULY 1, 2013		<u>198,952</u>		
FUND BALANCE, JUNE 30, 2014		<u>\$ 5,798</u>		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	LAWS OF 1999			
	Life-to-Date Budgeted Amounts	FY14 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES AND OTHER FINANCING SOURCES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds		-	-	-
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	-	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ -</u>	<u>-</u>		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES				
	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
NON-BUDGETED RECONCILING ITEMS				
Reversions of capital project funds		<u>-</u>		
NET CHANGE IN FUND BALANCE				
		-		
FUND BALANCE, JULY 1, 2013				
		<u>-</u>		
FUND BALANCE, JUNE 30, 2014				
		<u>\$ -</u>		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON - MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	LAWS OF 2006			
	Life-to-Date Budgeted Amounts	FY14 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES AND OTHER FINANCING SOURCES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	19,802,492	47,054	18,612,429	(1,190,063)
Appropriations	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenues and other financing sources	19,802,492	47,054	<u>\$ 18,612,429</u>	<u>\$ (1,190,063)</u>
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 19,802,492</u>	<u>47,054</u>		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	19,566,002	47,054	19,028,761	537,241
Other uses	236,490	-	219,990	16,500.00
Total expenditures and other financing uses	<u>\$ 19,802,492</u>	<u>47,054</u>	<u>\$ 19,248,751</u>	<u>\$ 553,741</u>
NET CHANGE IN FUND BALANCE				
		-		
FUND BALANCE, JULY 1, 2013				
		-		
FUND BALANCE, JUNE 30, 2014				
		<u>\$ -</u>		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
NON-MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	GENERAL FUND PROJECTS			
	Life-to-Date Budgeted Amounts	FY14 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES AND OTHER FINANCING SOURCES				
Service fees	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenues and other financing sources	-	-	\$ -	\$ -
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	\$ -	-		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES				
	\$ -	-	\$ -	\$ -
NET CHANGE IN FUND BALANCE				
		-		
FUND BALANCE, JULY 1, 2013				
		-		
FUND BALANCE, JUNE 30, 2014				
		\$ -		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	CAPITOL BUILDING REPAIR			
	Life-to-Date Budgeted Amounts	FY14 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES AND OTHER FINANCING SOURCES				
Service fees	\$ -	\$ 565,951	\$ 4,628,561	\$ 4,628,561
Interest	-	7,634	1,694,064	1,694,064
Other revenues	32,217,357	600	7,495	(32,209,862)
Other financing sources	<u>2,884,497</u>	<u>4,897,883</u>	<u>34,278,145</u>	<u>31,393,648</u>
Total revenues and other financing source	35,101,854	5,472,068	<u>\$ 40,608,265</u>	<u>\$ 5,506,411</u>
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	<u>\$ 35,101,854</u>	<u>5,472,068</u>		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	794,797	-	756,310	38,487
Other costs	34,063,633	10,695,927	25,856,931	8,206,702
Other uses	<u>243,424</u>	<u>-</u>	<u>169,924</u>	<u>73,500</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 35,101,854</u>	<u>10,695,927</u>	<u>\$ 26,783,165</u>	<u>\$ 8,318,689</u>
NET CHANGE IN FUND BALANCE		(5,223,859)		
FUND BALANCE, JULY 1, 2013		<u>13,716,333</u>		
FUND BALANCE, JUNE 30, 2014		<u>\$ 8,492,474</u>		

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
MAJOR CAPITAL PROJECTS FUNDS - BUDGET AND ACTUAL
(BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	SEVERANCE TAX BOND PROJECTS			
	Life-to-Date Budgeted Amounts	FY14 Actual Amounts (Budgetary Basis)	Life-to-Date Accrual Amounts (Budgetary Basis)	Variance Over (Under)
REVENUES AND OTHER FINANCING SOURCES				
Service fees	\$ -	\$ -	\$ -	\$ -
Severance tax bond proceeds	133,685,508	31,103,592	69,855,961	(63,829,547)
Appropriations	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenues and other financing sources	133,685,508	31,103,592	\$ 69,855,961	\$ (63,829,547)
Fund balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING FUND BALANCE BUDGETED				
	\$ 133,685,508	31,103,592		
EXPENDITURES AND OTHER FINANCING USES				
Personnel services and employee benefits	\$ -	-	\$ -	\$ -
Contractual services	-	-	-	-
Other costs	132,655,908	31,048,592	68,534,347	64,121,561
Other financing uses	1,029,600	55,000	759,600	270,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 133,685,508	31,103,592	\$ 69,293,947	\$ 64,391,561
NET CHANGE IN FUND BALANCE		-		
FUND BALANCE, JULY 1, 2013		-		
FUND BALANCE, JUNE 30, 2014		\$ -		

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 (Major 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 POSITION - NON-MAJOR ENTERPRISE FUNDS
June 30, 2014

	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	\$ 515,931	\$ 541,898	\$ 505,373	\$ -
Receivables:				
Interest receivable	-	-	-	-
Accounts/trade receivables	7,793	118,465	20,860	181,597
Allowance for doubtful accounts	(65)	(25,113)	(12,057)	(60,803)
Due from other funds	-	6,670	1,361	-
Due from other agencies	-	-	-	-
Other assets	-	-	-	-
Inventories	<u>18,161</u>	<u>-</u>	<u>-</u>	<u>223,884</u>
Total current assets	<u>541,820</u>	<u>641,920</u>	<u>515,537</u>	<u>344,678</u>
NON-CURRENT ASSETS				
Capital assets	392,758	125,288	2,477,372	1,397,085
Accumulated depreciation	<u>(190,323)</u>	<u>(113,165)</u>	<u>(560,559)</u>	<u>(1,377,435)</u>
Total non-current assets	<u>202,435</u>	<u>12,123</u>	<u>1,916,813</u>	<u>19,650</u>
TOTAL ASSETS	<u>\$ 744,255</u>	<u>\$ 654,043</u>	<u>\$ 2,432,350</u>	<u>\$ 364,328</u>

35200 Risk Management Operating Account	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance Program	35600 Public Property Reserve	Total
\$ 2,640,686	\$ 5,420,454	\$ 958,989	\$ -	\$ 7,698,568	\$ 18,281,899
-	407	73	-	575	1,055
-	740,860	249,459	-	495,474	1,814,508
-	(678,219)	(249,459)	-	(495,475)	(1,521,191)
111,669	-	-	-	-	119,700
115,276	-	-	-	-	115,276
-	-	-	-	-	-
-	-	-	-	-	242,045
<u>2,867,631</u>	<u>5,483,502</u>	<u>959,062</u>	<u>-</u>	<u>7,699,142</u>	<u>19,053,292</u>
14,081	-	-	-	-	4,406,584
(14,081)	-	-	-	-	(2,255,563)
-	-	-	-	-	2,151,021
<u>\$ 2,867,631</u>	<u>\$ 5,483,502</u>	<u>\$ 959,062</u>	<u>\$ -</u>	<u>\$ 7,699,142</u>	<u>\$ 21,204,313</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING STATEMENT OF NET POSITION - NON-MAJOR ENTERPRISE FUNDS (CONTINUED)
June 30, 2014

	19700	36000	41700	80600
	Administrative Services Division	Surplus Property Bureau	State Aircraft Pool	State Printing
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities:				
Due to the State General				
Fund Investment Pool	\$ -	\$ -	\$ -	\$ 461,446
Claims payable	-	-	-	-
Accounts payable	193,144	15,959	135,439	89,360
Unearned revenue	-	-	-	-
Accrued payroll	58,267	9,510	3,736	13,316
Due to other funds	138,096	23,433	-	-
Due to other agencies	4,293	-	-	-
Compensated absences	<u>132,821</u>	<u>15,635</u>	<u>17,553</u>	<u>11,431</u>
Total current liabilities	<u>526,621</u>	<u>64,537</u>	<u>156,728</u>	<u>575,553</u>
LONG-TERM LIABILITIES				
Claims payable	-	-	-	-
Compensated absences	<u>6,192</u>	<u>756</u>	<u>4,098</u>	<u>2,386</u>
Total long-term liabilities	<u>6,192</u>	<u>756</u>	<u>4,098</u>	<u>2,386</u>
Total liabilities	<u>532,813</u>	<u>65,293</u>	<u>160,826</u>	<u>577,939</u>
NET POSITION				
Invested in capital assets	202,435	12,123	1,916,813	19,650
Unrestricted	<u>9,007</u>	<u>576,627</u>	<u>354,711</u>	<u>(233,261)</u>
Total net position	<u>211,442</u>	<u>588,750</u>	<u>2,271,524</u>	<u>(213,611)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 744,255</u>	<u>\$ 654,043</u>	<u>\$ 2,432,350</u>	<u>\$ 364,328</u>

35200 Risk Management Operating Account	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance Program	35600 Public Property Reserve	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 461,446
-	1,278,601	3,430	-	1,917,355	3,199,386
1,327,890	1,561,710	-	-	36,674	3,360,176
-	-	-	-	-	-
91,699	-	-	-	-	176,528
-	-	-	-	-	161,529
-	-	-	-	-	4,293
123,668	-	-	-	-	301,108
<u>1,543,257</u>	<u>2,840,311</u>	<u>3,430</u>	<u>-</u>	<u>1,954,029</u>	<u>7,664,466</u>
-	-	2,427	-	437,853	440,280
2,353	-	-	-	-	15,785
<u>2,353</u>	<u>-</u>	<u>2,427</u>	<u>-</u>	<u>437,853</u>	<u>456,065</u>
<u>1,545,610</u>	<u>2,840,311</u>	<u>5,857</u>	<u>-</u>	<u>2,391,882</u>	<u>8,120,531</u>
-	-	-	-	-	2,151,021
1,322,021	2,643,191	953,205	-	5,307,260	10,932,761
<u>1,322,021</u>	<u>2,643,191</u>	<u>953,205</u>	<u>-</u>	<u>5,307,260</u>	<u>13,083,782</u>
<u>\$ 2,867,631</u>	<u>\$ 5,483,502</u>	<u>\$ 959,062</u>	<u>\$ -</u>	<u>\$ 7,699,142</u>	<u>\$ 21,204,313</u>

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - NON-MAJOR ENTERPRISE FUNDS
Year Ended June 30, 2014**

	19700	36000	41700	80600
	Administrative Services Division	Surplus Property Bureau	State Aircraft Pool	State Printing
OPERATING REVENUE				
Service fees/premiums	\$ 8,840	\$ 983,825	\$ -	\$ 1,163,902
Interest income	-	-	-	-
Other revenue	169	82,929	112,722	-
Total revenues	9,009	1,066,754	112,722	1,163,902
OPERATING EXPENSES				
Personnel services	1,831,770	294,557	180,278	502,851
Employee benefits	690,439	111,943	75,187	195,237
In-state travel	340	210	235	-
Out-of-state travel	510	-	4,939	-
Maintenance and repairs	3,056	782	168,901	1,846
Supplies	51,981	3,866	31	191,680
Contractual services	423,845	26,490	-	-
Depreciation	67,616	1,102	98,720	7,308
Operating costs	452,332	67,039	190,874	438,208
Other costs	-	101,601	-	24,534
Total expenses	3,521,889	607,590	719,165	1,361,664
Operating income (loss)	(3,512,880)	459,164	(606,443)	(197,762)
NON-OPERATING				
REVENUE (EXPENSE):				
Intra-agency transfers	3,524,404	(38,781)	(34,739)	-
Gain (Loss) on disposal of capital assets	-	9,302	-	(914)
Transfers:				
General appropriations	-	-	500,000	-
Other state agency transfers	-	-	2,000	-
Other state funds	-	-	-	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	3,524,404	(29,479)	467,261	(914)
CHANGE IN NET POSITION	11,524	429,685	(139,182)	(198,676)
NET POSITION, BEGINNING OF YEAR	199,918	159,065	2,410,706	(14,935)
NET POSITION, END OF YEAR	\$ 211,442	\$ 588,750	\$ 2,271,524	\$ (213,611)

35200 Risk Management Operating Account	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance Program	35600 Public Property Reserve	Total
\$ -	\$ 4,748,328	\$ 70,000	\$ 5,305	\$ 11,680,275	\$ 18,660,475
-	2,800	707	-	5,255	8,762
21,118	465,858	-	-	-	682,796
21,118	5,216,986	70,707	5,305	11,685,530	19,352,033
2,536,331	-	-	-	-	5,345,787
1,068,742	-	-	-	-	2,141,548
14,346	-	-	-	-	15,131
1,525	-	-	-	-	6,974
-	-	-	-	-	174,585
163,996	-	-	-	2,545	414,099
63,982	51,200	59,135	-	4,636,682	5,261,334
-	-	-	-	-	174,746
472,788	822,669	-	-	6,462,251	8,906,161
19,859	1,702,472	2,500	-	-	1,850,966
4,341,569	2,576,341	61,635	-	11,101,478	24,291,331
(4,320,451)	2,640,645	9,072	5,305	584,052	(4,939,298)
2,934,769	(60,100)	(85,700)	(112,959)	(515,000)	5,611,894
(155)	-	-	-	-	8,233
-	-	-	-	-	500,000
-	-	-	-	-	2,000
-	-	-	-	-	-
2,934,614	(60,100)	(85,700)	(112,959)	(515,000)	6,122,127
(1,385,837)	2,580,545	(76,628)	(107,654)	69,052	1,182,829
2,707,858	62,646	1,029,833	107,654	5,238,208	11,900,953
\$ 1,322,021	\$ 2,643,191	\$ 953,205	\$ -	\$ 5,307,260	\$ 13,083,782

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING STATEMENT OF CASH FLOWS -
NON-MAJOR ENTERPRISE FUNDS
Year Ended June 30, 2014

	19700	36000	41700
	Administrative Services Division	Surplus Property Bureau	State Aircraft Pool
OPERATING ACTIVITIES			
Premiums/service fees received	\$ 8,840	\$ 983,825	\$ -
Other income	169	76,949	142,990
Cash paid to suppliers	(845,769)	(215,981)	(223,200)
Cash paid to employees	(2,509,764)	(406,893)	(276,962)
Net cash provided by (used in) operating activities	(3,346,524)	437,900	(357,172)
NON-CAPITAL FINANCING ACTIVITIES			
Appropriation from/reversion to State General Fund	-	-	500,000
Transfers	3,524,404	(38,781)	(32,739)
Net cash provided by (used in) non-capital financing activities	3,524,404	(38,781)	467,261
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(63,260)	(13,225)	-
Proceeds from the sale of capital assets	-	9,302	-
Net cash provided by (used in) capital and related financing activities	(63,260)	(3,923)	-
NET INCREASE (DECREASE) IN CASH	114,620	395,196	110,089
CASH, BEGINNING OF YEAR	401,311	146,702	395,284
CASH, END OF YEAR	\$ 515,931	\$ 541,898	\$ 505,373

80600	35200	35400	35800	21500	35600	
State	Risk	LPB	Surety	Employee	Public	
Printing	Management	Unemployment	Bond	Assistance	Property	Total
	Operating	Program		Program	Reserve	
	Account					
\$ 1,140,470	\$ -	\$ 6,306,797	\$ 70,000	\$ 5,305	\$ 11,680,275	\$ 20,195,512
-	-	-	707	-	5,255	226,070
(422,371)	400,489	(1,480,489)	(60,619)	-	(10,482,020)	(13,329,960)
<u>(718,099)</u>	<u>(3,604,083)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,515,801)</u>
-	(3,203,594)	4,826,308	10,088	5,305	1,203,510	(424,179)
-	-	-	-	-	-	500,000
<u>-</u>	<u>2,934,769</u>	<u>(60,100)</u>	<u>(85,700)</u>	<u>(112,959)</u>	<u>(515,000)</u>	<u>5,613,894</u>
-	2,934,769	(60,100)	(85,700)	(112,959)	(515,000)	6,113,894
-	-	-	-	-	-	(76,485)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,302</u>
-	-	-	-	-	-	(67,183)
-	(268,825)	4,766,208	(75,612)	(107,654)	688,510	5,622,532
<u>-</u>	<u>2,909,511</u>	<u>654,246</u>	<u>1,034,601</u>	<u>107,654</u>	<u>7,010,058</u>	<u>12,659,367</u>
<u>\$ -</u>	<u>\$ 2,640,686</u>	<u>\$ 5,420,454</u>	<u>\$ 958,989</u>	<u>\$ -</u>	<u>\$ 7,698,568</u>	<u>\$ 18,281,899</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
COMBINING STATEMENT OF CASH FLOWS -
NON-MAJOR ENTERPRISE FUNDS (CONTINUED)
Year Ended June 30, 2014

	19700	36000	41700
	Administrative Services Division	Surplus Property Bureau	State Aircraft Pool
	<u> </u>	<u> </u>	<u> </u>
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH FROM			
OPERATING ACTIVITIES			
Operating income (loss)	\$ (3,512,880)	\$ 459,164	\$ (606,443)
Adjustments:			
Depreciation	67,616	1,102	98,720
(Increase) Decrease in assets:			
Accounts receivable, interest receivable and due from other agencies and funds	(3,471)	(57,257)	30,268
Inventories	10,290	-	-
Other assets	-	-	-
Increase (decrease) in liabilities:			
Insurance claim payable	-	-	-
Accounts payable and due to other agencies and funds	79,476	35,284	141,780
Accrued expenses	2,724	1,856	2,180
Accrued compensated absences	<u>9,721</u>	<u>(2,249)</u>	<u>(23,677)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (3,346,524)</u>	<u>\$ 437,900</u>	<u>\$ (357,172)</u>

80600	35200 Risk Management	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance Program	35600 Public Property Reserve	Total
State Printing	Operating Account					
\$ (197,762)	\$ (4,320,451)	\$ 2,640,645	\$ 9,072	\$ 5,305	\$ 584,052	\$ (4,939,298)
7,308	-	-	-	-	-	174,746
(1,678)	(51,017)	1,089,811	1,016	-	487	1,008,159
34,120	-	-	-	-	-	44,410
-	(115,062)	-	-	-	-	(115,062)
-	-	-	-	-	2,331,856	2,331,856
178,023	1,252,047	1,095,852	-	-	(1,712,885)	1,069,577
(1,154)	32,317	-	-	-	-	37,923
(18,857)	(1,428)	-	-	-	-	(36,490)
<u>\$ -</u>	<u>\$ (3,203,594)</u>	<u>\$ 4,826,308</u>	<u>\$ 10,088</u>	<u>\$ 5,305</u>	<u>\$ 1,203,510</u>	<u>\$ (424,179)</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014

ADMINISTRATIVE SERVICES DIVISION				
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ -	\$ -	\$ 8,840	\$ 8,840
Other revenues	-	-	169	169
Other financing sources	<u>3,769,600</u>	<u>3,769,600</u>	<u>3,524,404</u>	<u>(245,196)</u>
Total revenue	<u>3,769,600</u>	<u>3,769,600</u>	<u>3,533,413</u>	<u>\$ (236,187)</u>
Net position balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET				
BALANCE BUDGETED	<u>\$ 3,769,600</u>	<u>\$ 3,769,600</u>		
EXPENSES				
Personal services and employee benefits	\$ 2,900,300	\$ 2,670,300	2,522,209	\$ 148,091
Contractual services	408,900	498,900	423,845	75,055
Other costs	460,400	600,400	508,219	92,181
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses before depreciation	<u>\$ 3,769,600</u>	<u>\$ 3,769,600</u>	<u>3,454,273</u>	<u>\$ 315,327</u>
Depreciation not budgeted			<u>67,616</u>	
Total expenses			<u>3,521,889</u>	
CHANGE IN NET POSITION			11,524	
NET POSITION, JULY 1, 2013			<u>199,918</u>	
NET POSITION, JUNE 30, 2014			<u>\$ 211,442</u>	

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

Year Ended June 30, 2014

	SURPLUS PROPERTY BUREAU			
	<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	\$ 646,285	\$ 642,400	\$ 983,825	\$ 341,425
Other revenues		-	82,929	82,929
Other financing sources	34,015	34,015	9,302	(24,713)
Total revenue	680,300	676,415	1,076,056	\$ 399,641
Net position balance	-	37,900		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	\$ 680,300	\$ 714,315		
EXPENSES				
Personal services and employee benefits	\$ 419,600	\$ 419,600	406,500	\$ 13,100
Contractual services	69,000	133,015	94,521	38,494
Other costs	151,400	121,400	105,467	15,933
Other financing uses	40,300	40,300	38,781	1,519
Total expenses before depreciation	\$ 680,300	\$ 714,315	645,269	\$ 69,046
Depreciation not budgeted			1,102	
Total expenses			646,371	
CHANGE IN NET POSITION			429,685	
NET POSITION, JULY 1, 2013			159,065	
NET POSITION, JUNE 30, 2014			\$ 588,750	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

STATE AIRCRAFT POOL				
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Appropriations	500,000	500,000	500,000	-
Interest	-	-	-	-
Other revenues	511,300	511,300	112,722	(398,578)
Other financing sources	2,000	100,800	2,000	(98,800)
Total revenue	<u>1,013,300</u>	<u>1,112,100</u>	<u>614,722</u>	<u>\$ (497,378)</u>
Net position balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET				
BALANCE BUDGETED	<u>\$ 1,013,300</u>	<u>\$ 1,112,100</u>		
EXPENSES				
Personal services and employee benefits	\$ 262,100	\$ 262,100	255,465	\$ 6,635
Contractual services	3,000	3,000	-	3,000
Other costs	712,100	810,900	364,980	445,920
Other financing uses	36,100	36,100	34,739	1,361
Total expenses before depreciation	<u>\$ 1,013,300</u>	<u>\$ 1,112,100</u>	<u>655,184</u>	<u>\$ 456,916</u>
Depreciation not budgeted			<u>98,720</u>	
Total expenses			<u>753,904</u>	
CHANGE IN NET POSITION			(139,182)	
NET POSITION, JULY 1, 2013			<u>2,410,706</u>	
NET POSITION, JUNE 30, 2014			<u>\$ 2,271,524</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	STATE PRINTING			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 1,711,600	\$ 1,711,600	\$ 1,163,902	\$ (547,698)
Other revenues	-	-	-	-
Total revenue	1,711,600	1,711,600	<u>1,163,902</u>	<u>\$ (547,698)</u>
Net position balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED	<u>\$ 1,711,600</u>	<u>\$ 1,711,600</u>		
EXPENSES				
Personal services and employee benefits	\$ 934,000	\$ 733,100	698,088	\$ 35,012
Contractual services	18,000	57,500	-	57,500
Other costs	652,500	813,900	657,182	156,718
Other financing uses	107,100	107,100	-	107,100
Total expenses before depreciation	<u>\$ 1,711,600</u>	<u>\$ 1,711,600</u>	<u>1,355,270</u>	<u>\$ 356,330</u>
Depreciation not budgeted			<u>7,308</u>	
Total expenses			<u>1,362,578</u>	
CHANGE IN NET POSITION			(198,676)	
NET POSITION, JULY 1, 2013			<u>(14,935)</u>	
NET POSITION, JUNE 30, 2014			<u>\$ (213,611)</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	<u>RISK MANAGEMENT OPERATING ACCOUNT</u>			Variance From Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Service fees	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	21,118	21,118
Other financing sources	<u>5,784,700</u>	<u>5,784,700</u>	<u>5,784,700</u>	<u>-</u>
Total revenue	5,784,700	5,784,700	<u>5,805,818</u>	<u>\$ 21,118</u>
Net position balance	<u>1,971,900</u>	<u>1,971,900</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED	<u>\$ 7,756,600</u>	<u>\$ 7,756,600</u>		
EXPENSES				
Personal services and employee benefits	\$ 3,951,400	\$ 3,682,200	3,605,073	\$ 77,127
Contractual services	277,300	168,600	63,982	104,618
Other costs	566,300	944,200	672,514	271,686
Other financing uses	<u>2,961,600</u>	<u>2,961,600</u>	<u>2,850,086</u>	<u>111,514</u>
Total expenses before depreciation	<u>\$ 7,756,600</u>	<u>\$ 7,756,600</u>	<u>7,191,655</u>	<u>\$ 564,945</u>
Depreciation not budgeted			<u>-</u>	
Total expenses			<u>7,191,655</u>	
CHANGE IN NET POSITION			(1,385,837)	
NET POSITION, JULY 1, 2013			<u>2,707,858</u>	
NET POSITION, JUNE 30, 2014			<u>\$ 1,322,021</u>	

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

Year Ended June 30, 2014

LOCAL PUBLIC BODY UNEMPLOYMENT COMPENSATION				
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance From
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Service fees	\$ 3,559,000	\$ 4,381,700	\$ 4,748,328	\$ 366,628
Interest	-	-	2,800	2,800
Other revenues	-	-	465,858	465,858
Total revenue	3,559,000	4,381,700	<u>5,216,986</u>	<u>\$ 835,286</u>
Net position balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 3,559,000</u>	<u>\$ 4,381,700</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	90,000	90,000	51,200	38,800
Other costs	3,408,900	4,231,600	2,525,141	1,706,459
Other financing uses	60,100	60,100	60,100	-
Total expenses before depreciation	<u>\$ 3,559,000</u>	<u>\$ 4,381,700</u>	<u>2,636,441</u>	<u>\$ 1,745,259</u>
Depreciation not budgeted			-	
Claims reserves not budgeted			-	
Total expenses			<u>2,636,441</u>	
CHANGE IN NET POSITION			2,580,545	
NET POSITION, JULY 1, 2013			<u>62,646</u>	
NET POSITION, JUNE 30, 2014			<u>\$ 2,643,191</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	SURETY BOND			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 71,000	\$ 71,000	\$ 70,000	\$ (1,000)
Interest	-	-	707	707
	<u>71,000</u>	<u>71,000</u>	<u>70,707</u>	<u>\$ (293)</u>
Total revenue				
Net position balance	<u>128,300</u>	<u>128,300</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 199,300</u>	<u>\$ 199,300</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	67,000	67,000	61,635	5,365
Other costs	46,600	46,600	-	46,600
Other financing uses	85,700	85,700	85,700	-
	<u>85,700</u>	<u>85,700</u>	<u>85,700</u>	<u>-</u>
Total expenses				
before non budgeted iter	<u>\$ 199,300</u>	<u>\$ 199,300</u>	<u>147,335</u>	<u>\$ 51,965</u>
NON BUDGETED ITEMS				
Allowance for uncollectible accounts				
Depreciation not budgeted			<u>-</u>	
Total expenses			<u>147,335</u>	
CHANGE IN NET POSITION			(76,628)	
NET POSITION, JULY 1, 2013			<u>1,029,833</u>	
NET POSITION, JUNE 30, 2014			<u>\$ 953,205</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	EMPLOYEE ASSISTANCE PROGRAM			
	<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	\$ -	\$ -	\$ 5,305	\$ 5,305
Appropriations	200,000	200,000	-	(200,000)
Other Financing Sources	-	-	-	-
Total revenue	<u>200,000</u>	<u>200,000</u>	<u>5,305</u>	<u>\$ (194,695)</u>
Net position balance	-	-		
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	-	-	-	-
Other costs	-	-	-	-
Other financing uses	<u>200,000</u>	<u>200,000</u>	<u>112,959</u>	<u>87,041</u>
Total expenses before depreciation	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>112,959</u>	<u>\$ 87,041</u>
Depreciation not budgeted			-	
Total expenses			<u>112,959</u>	
CHANGE IN NET POSITION			(107,654)	
NET POSITION, JULY 1, 2013			<u>107,654</u>	
NET POSITION, JUNE 30, 2014			<u>\$ -</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - NON-MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	PUBLIC PROPERTY RESERVE			Variance From Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Service fees	\$ 10,880,900	\$ 10,880,900	\$ 11,680,275	\$ 799,375
Interest	-	-	5,255	5,255
Total revenue	10,880,900	10,880,900	11,685,530	\$ 804,630
Net position balance	<u>160,000</u>	<u>1,044,000</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED	<u>\$ 11,040,900</u>	<u>\$ 11,924,900</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	4,664,700	4,923,700	4,636,682	287,018
Other costs	5,861,200	6,486,200	6,464,796	21,404
Other uses	<u>515,000</u>	<u>515,000</u>	<u>515,000</u>	<u>-</u>
Total expenses before depreciation	<u>\$ 11,040,900</u>	<u>\$ 11,924,900</u>	11,616,478	\$ 308,422
Depreciation not budgeted			-	
Total expenses			11,616,478	
CHANGE IN NET POSITION			69,052	
NET POSITION, JULY 1, 2013			<u>5,238,208</u>	
NET POSITION, JUNE 30, 2014			<u>\$ 5,307,260</u>	

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS)
Year Ended June 30, 2014**

STATE UNEMPLOYMENT COMPENSATION RESERVE				
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance From
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Service fees	\$ 16,046,500	\$ 18,587,100	\$ 20,805,500	\$ 2,218,400
Interest	-	-	9,149	9,149
Other revenues	-	-	-	-
Total revenue	16,046,500	18,587,100	<u>20,814,649</u>	<u>\$ 2,227,549</u>
Net position balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET				
BALANCE BUDGETED	<u>\$ 16,046,500</u>	<u>\$ 18,587,100</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	-
Contractual services	200,000	200,000	76,800	123,200
Other costs	15,809,200	18,349,800	12,261,857	6,087,943
Other financing uses	<u>37,300</u>	<u>37,300</u>	<u>37,300</u>	-
Total expenses before depreciation	<u>\$ 16,046,500</u>	<u>\$ 18,587,100</u>	<u>12,375,957</u>	<u>\$ 6,211,143</u>
Depreciation not budgeted			-	
Claims reserves not budgeted			-	
Total expenses			<u>12,375,957</u>	
CHANGE IN NET POSITION			8,438,692	
NET POSITION, JULY 1, 2013			<u>(7,047,937)</u>	
NET POSITION, JUNE 30, 2014			<u>\$ 1,390,755</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	PUBLIC LIABILITY			Variance From Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Service fees	\$ 41,156,600	\$ 51,656,600	\$ 34,763,090	\$ (16,893,510)
Interest	-	-	29,196	29,196
Total revenue	41,156,600	51,656,600	34,792,286	\$ (16,864,314)
Net position balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED	<u>\$ 41,156,600</u>	<u>\$ 51,656,600</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	19,150,000	19,525,000	14,761,175	4,763,825
Other costs	18,000,000	28,125,000	18,088,220	10,036,780
Other financing uses	4,006,600	4,006,600	4,006,600	-
Total expenses before depreciation	<u>\$ 41,156,600</u>	<u>\$ 51,656,600</u>	36,855,995	<u>\$ 14,800,605</u>
Depreciation not budgeted			-	
Claims reserves not budgeted			-	
Total expenses			<u>36,855,995</u>	
CHANGE IN NET POSITION			(2,063,709)	
NET POSITION, JULY 1, 2013			<u>(70,590,102)</u>	
NET POSITION, JUNE 30, 2014			<u>\$ (72,653,811)</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

	WORKERS' COMPENSATION RETENTION			
	<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>Positive (Negative)</u>
REVENUES				
Service fees	\$ 18,490,500	\$ 18,990,500	\$ 18,756,766	\$ (233,734)
Interest	-	-	11,735	11,735
Total revenue	18,490,500	18,990,500	<u>18,768,501</u>	<u>\$ (221,999)</u>
Net position balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED	<u>\$ 18,490,500</u>	<u>\$ 18,990,500</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	-
Contractual services	3,684,500	2,059,500	1,188,147	871,353
Other costs	13,726,000	15,851,000	15,197,195	653,805
Other uses	<u>1,080,000</u>	<u>1,080,000</u>	<u>1,080,000</u>	<u>-</u>
Total expenses before depreciation	<u>\$ 18,490,500</u>	<u>\$ 18,990,500</u>	<u>17,465,342</u>	<u>\$ 1,525,158</u>
Depreciation not budgeted			-	
Claims reserves not budgeted			-	
Total expenses			<u>17,465,342</u>	
CHANGE IN NET POSITION			1,303,159	
NET POSITION, JULY 1, 2013			<u>(37,629,489)</u>	
NET POSITION, JUNE 30, 2014			<u>\$ (36,326,330)</u>	

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES - MAJOR ENTERPRISE FUNDS -
BUDGET AND ACTUAL (BUDGETARY BASIS) (CONTINUED)
Year Ended June 30, 2014

STATE TRANSPORTATION POOL				
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Service fees	\$ 9,035,700	\$ 9,035,700	\$ 6,418,774	\$ (2,616,926)
Other revenues	-	-	61,368	61,368
Other financing sources	-	-	77,916	77,916
Total revenue	9,035,700	9,035,700	6,558,058	\$ (2,477,642)
Net position balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 9,035,700</u>	<u>\$ 9,035,700</u>		
EXPENSES				
Personal services and employee benefits	\$ 1,595,700	\$ 1,595,700	1,545,556	\$ 50,144
Contractual services	42,700	51,700	0.00	51,700
Other costs	7,008,300	6,999,300	4,506,259	2,493,041
Other financing uses	389,000	389,000	374,332	14,668
Total expenses before depreciation	<u>\$ 9,035,700</u>	<u>\$ 9,035,700</u>	6,426,147	\$ 2,609,553
Depreciation not budgeted			1,034,654	
Total expenses			7,460,801	
CHANGE IN NET POSITION			(902,743)	
NET POSITION, JULY 1, 2013			7,557,212	
NET POSITION, JUNE 30, 2014			<u>\$ 6,654,469</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, 2014

GROUP INSURANCE PREMIUM STABILIZATION

	<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	\$ -	\$ -	\$ 329,962,108	\$ 329,962,108
Interest	-	-	3,272	3,272
Other revenues	347,394,000	347,394,000	-	(347,394,000)
Other financing sources	-	-	112,959	112,959
	<u>347,394,000</u>	<u>347,394,000</u>	<u>330,078,339</u>	<u>\$ (17,315,661)</u>
Total revenue				
Net position balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING NET ASSET BALANCE BUDGETED				
	<u>\$ 347,394,000</u>	<u>\$ 347,394,000</u>		
EXPENSES				
Personal services and employee benefits	\$ -	\$ -	-	\$ -
Contractual services	18,873,200	22,301,200	19,039,435	3,261,765
Other costs	328,520,800	325,092,800	289,910,184	35,182,616
Other uses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses				
before depreciation	<u>\$ 347,394,000</u>	<u>\$ 347,394,000</u>	<u>308,949,619</u>	<u>\$ 38,444,381</u>
Depreciation not budgeted			-	
Claims reserves not budgeted			-	
Total expenses			<u>308,949,619</u>	
CHANGE IN NET POSITION			21,128,720	
NET POSITION, JULY 1, 2013			<u>(46,636,871)</u>	
NET POSITION, JUNE 30, 2014			<u>\$ (25,508,151)</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.

Administrative Services Division

Governor's Residence Preservation Fund (Fund 11490) was established in fiscal year 2013 to account for gifts, donations, and bequests of money to the Governor's Residence Advisory Commission (the Commission), as well as appropriations made to the Commission. Earnings from the investment of the fund shall be credited to the fund. Expenditure of the fund shall be only for the purpose for which the Commission was created and shall be paid to the Commission upon vouchers signed by the chairman of the Commission and warrants issued by the Secretary of Finance and Administration.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
 COMBINING STATEMENT OF FIDUCIARY ASSETS
 AND LIABILITIES - AGENCY FUNDS
 Year Ended June 30, 2014

	75100 Bond Securities	56100 Insurance Carrier Premiums	11490 Gov Residence Preservation	Total
ASSETS				
Cash	\$ 150	\$ 1,794,249	\$ 5,143	\$ 1,799,542
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$ 150</u>	<u>\$ 1,794,249</u>	<u>\$ 5,143</u>	<u>\$ 1,799,542</u>
LIABILITIES				
Accounts payable	\$ -	\$ 544,032	\$ -	\$ 544,032
Deposits held for others	150	1,250,217	5,143	1,255,510
TOTAL LIABILITIES	<u>\$ 150</u>	<u>\$ 1,794,249</u>	<u>\$ 5,143</u>	<u>\$ 1,799,542</u>

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2014

	Balance as of <u>June 30, 2013</u>	Additions	Deletions	Balance as of <u>June 30, 2014</u>
75100 BOND SECURITIES				
ASSETS				
Cash	\$ 150	\$ 7,771,978	\$ 7,771,978	\$ 150
TOTAL ASSETS	<u>\$ 150</u>	<u>\$ 7,771,978</u>	<u>\$ 7,771,978</u>	<u>\$ 150</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits held in custody for others	<u>150</u>	<u>123,295</u>	<u>123,295</u>	<u>150</u>
TOTAL LIABILITIES	<u>\$ 150</u>	<u>\$ 123,295</u>	<u>\$ 123,295</u>	<u>\$ 150</u>
56100 INSURANCE CARRIER PREMIUMS				
ASSETS				
Cash	\$ 941,337	\$ 967,591	\$ 114,679	\$ 1,794,249
Deposits due from others	-	-	-	-
Due from other funds	<u>1,556,074</u>	<u>-</u>	<u>1,556,074</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,497,411</u>	<u>\$ 967,591</u>	<u>\$ 1,670,753</u>	<u>\$ 1,794,249</u>
LIABILITIES				
Accounts payable	\$ 1,009,765	\$ 6,704,477	\$ 7,170,210	\$ 544,032
Deposits held in custody for others	<u>1,487,646</u>	<u>6,876,574</u>	<u>7,114,003</u>	<u>1,250,217</u>
TOTAL LIABILITIES	<u>\$ 2,497,411</u>	<u>\$ 13,581,051</u>	<u>\$ 14,284,213</u>	<u>\$ 1,794,249</u>

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (CONTINUED)
 June 30, 2014

	Balance as of June 30, 2013	Additions	Deletions	Balance as of June 30, 2014
11490 GOV RESIDENCE PRESERVATION				
ASSETS				
Cash	\$ 1,950	\$ 6,753	\$ 3,560	\$ 5,143
TOTAL ASSETS	<u>\$ 1,950</u>	<u>\$ 6,753</u>	<u>\$ 3,560</u>	<u>\$ 5,143</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,198	\$ 3,198	\$ -
Deposits held in custody for others	<u>1,950</u>	<u>6,753</u>	<u>3,560</u>	<u>5,143</u>
TOTAL LIABILITIES	<u>\$ 1,950</u>	<u>\$ 9,951</u>	<u>\$ 6,758</u>	<u>\$ 5,143</u>



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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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparison of the general fund of the New Mexico General Services Department (the Department), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Department presented as supplementary information, and have issued our report thereon dated December 12, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described as 2013-001 and 2014-001 in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as 2014-002, 2014-003 and 2014-005 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as finding 2014-004.

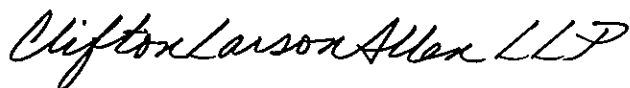
The Department's Response to Findings

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP



Albuquerque, New Mexico
December 12, 2014

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014

Section II – Financial Statement Findings

2013-001 Land Reconciliation (Material Weakness) Repeated and Modified

Condition: During test work over capital assets in the prior year audit, variances from the Department's internal land holding listing did not agree with either internal records or the annual audit financial statements. The Department informed us they are in the process of reconciling all land assets because they identified discrepancies during their transition to their new capital asset software. These discrepancies include variances from the prior capital assets software (GEAC), the imported balances to the new software (SunSystems), the Department's internal Land Holdings Listing, and the annual audited financial statements. During the current year, the Department began the reconciliation process and noted the scope of the reconciliation was larger than originally thought, as land records preceding statehood for New Mexico were identified that have not been captured in the Department's internal financial records. At the time this audit was completed, the dollar value of the reconciliation was unknown but is believed to be material to the financial statements.

Criteria: The Manual of Model Accounting Practices section Fin 6.4, *Recording and Reporting Capital Assets*, states that Agencies shall record and report state owned capital assets in accordance with state law, state rule, and Generally Accepted Accounting Principles. Capital assets shall be recorded at the time of acquisition at cost (including ancillary costs) as determined by the amount paid for purchased assets or at cost of construction for constructed assets, or at estimated fair market value for donated capital assets.

Cause: Lack of historical communication between the Financial Division of the Department and the Property Control Division regarding land values when acquired, in addition to a lack of historical documents for various properties that indicate the incremental value of land such as water rights, mineral rights, legal definitions and historical costs that comprise the total land value.

Effect: Land balances in the Department's capital asset software and financial statements could be misstated.

Recommendation: We recommend the Department continue to perform a thorough reconciliation of their land capital assets to identify all properties they own, as well as the appropriate historical value of the respective land properties.

Agency Response: The ASD GL Bureau identified these discrepancies in land listings and valuations during the Construction in Progress (CIP) Capital Asset reconciliation performed in FY13. Due to the magnitude of the land assets requiring additional analysis, ASD and FMD determined a separate work plan would be required to research and reconcile fully this portion of capital assets. ASD and FMD are committed to coordinating this land reconciliation process to address these discrepancies and establishing procedures for the timely and accurate recording of all capital assets going forward. The Department/FMD has submitted a special appropriation request to the Department of Finance & Administration to support a two-year program commencing with hiring of professional contractors to acquire and provide all records necessary to evidence ownership of land by the State. These records will be used to establish acquisition value, which will be used for entry into the financial records of ASD/FMD and reconciled to SHARE.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014

Section II – Financial Statement Findings (continued)

2014-001 Construction in Process – Capital Asset Additions and Related Depreciation Expense (Material Weakness)

Condition: During fiscal year 2014, the Department did not transfer balances totaling approximately \$85.9 million of completed projects from the construction in process balance (which represents costs attributable to active projects) to the capital asset balance (representing closed projects and assets currently in use.) For financial statement purposes, the Department prepared a depreciation expense calculation of approximately \$3.8 million on these completed projects that does not take into account the depreciable lives of individual assets.

Criteria: MAP FIN6.4 – Recording and Reporting Capital Assets – D. 10 states, “State agencies that construct capital assets should make a determination of the cost of construction work in progress at year-end. The amount determined should be recorded as “Construction in Progress” in the state agencies’ year-end Financial Statements, in either a proprietary or permanent or a fiduciary funds or in the GWFS, whichever is appropriate. When construction is completed, the amount recorded in “Construction in Progress” should be reduced and the appropriate capital asset classification increased.”

Cause: Lack of historical communication between the Financial Division of the Department and the Property Control Division (now included in the Facilities Maintenance Division). No formal policies or procedures for transferring balances from the construction in process to the capital assets.

Effect: As of fiscal year end, the Department’s internal capital asset listing is incomplete. This causes the annual depreciation calculated within the capital assets software to be insufficient. The depreciation method used for the current year depreciation expense occurred outside the capital assets software and may be inaccurate.

Recommendation: The Department should implement firm policies to facilitate effective inter-division communication in order to accurately remove assets from CIP and add them to the Fixed Asset software. The policies are recommended to reflect the most current GASB standards and DFA guidance to ensure the correct classification and depreciation of individual assets. The Department should perform periodic reviews to verify the compliance with and adequacy of the written policies and procedures.

Agency Response: GSD/FMD has tracked Construction in Process appropriations and expenditures using Excel spreadsheets maintained by financial staff within FMD. When a project is deemed "closed," usually resulting from the issuance of a Certificate of Occupancy by the appropriate agency or the full expenditure of any appropriated funds, this prompts the transfer of financial information to ASD for entry into the interim financial system that is ultimately reconciled to SHARE. The Department recognizes the need to develop and implement the data transfer process and has initiated efforts to resolve this situation, which has been accomplished for the remaining projects for FY14. The Department/ASD/FMD will develop and implement a procedure for ongoing transfer of data on closed projects that will result in the electronic upload of financial information into the interim system and input into SHARE, with computation of appropriate depreciation amounts.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014

Section II – Financial Statement Findings (continued)

2014-002 Annual Inventory (Significant Deficiency)

Condition: The Department did not perform annual physical capital asset inventories for all Divisions.

Criteria: NMAC 2.2.2.10 V (2) requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year.

Cause: Insufficient management oversight of the performance of annual inventories.

Effect: Physical inventory procedures identify differences between actual capital assets and subsidiary records by identifying additional assets acquired or disposed. Lack of physical inventory of capital assets could result in inaccurate amounts reported in the financial statements.

Recommendation: The Department should implement policies by which the required annual physical inventories of capital assets are performed within each division and the inventories are appropriately reviewed and documented. The Department should perform periodic reviews to verify the compliance with and adequacy of the written policies and procedures.

Agency Response: The Department will develop and implement a policy that will result in consistent, complete and verified inventories of all "movable chattels and equipment" by all divisions at fiscal year end. The Department will perform periodic reviews to ensure compliance with policies and procedures.

2014-003 Risk Management – Internal Controls over Monthly Reconciliations (Significant Deficiency)

Condition: During our testwork over Workers' Compensation payments, we noted a payment in the amount of \$690.92 posted in July 2013 for a disability payment that should have posted to Fund 75203. We also detected Workers' Compensation payments posted to the SHARE system of \$160.68 in September 2013 and \$5.00 in October 2013 that were not recorded in RMIS.

In July of 2013, the Department contracted with a service organization, CompuSys Erisa, to process all Disability claims. To ensure payments recorded by CompuSys Erisa match payments recorded in the SHARE system, monthly reconciliations are performed. These reconciliations are not reviewed. Similarly, Liability Insurance, Property Insurance and Workers' Compensation claims are processed through a separate system, RMIS, which is reconciled against the SHARE system monthly. These reconciliations are not reviewed. We also noted that there is no procedure in place whereby Disability claims are compared to Workers' Compensation Claims in order to prevent, detect, and correct payments under both programs.

Criteria: NMAC 2.2.2.8 Q (4) requires any violation of good accounting practice, including instances of noncompliance or internal control weaknesses, must be reported as an audit finding.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014

Section II – Financial Statement Findings (continued)

2014-003 Risk Management – Internal Controls over Monthly Reconciliations (Significant Deficiency) (continued)

Cause: Lack of policies and procedures requiring the review of monthly reconciliations.

Effect: Reconciliations could be inaccurate or performed untimely, which could result in undetected instances of incorrect balance in the financial statements, noncompliance with state statute and financial loss to the Department.

Recommendation: The Department should take steps to correct the erroneous postings and implement internal controls that require the timely performance and documentation of monthly reconciliations between the SHARE system and RMIS. Internal controls surrounding monthly reconciliations should be modified to include permanent documentation of who prepared the monthly reconciliation and when it was prepared, along with an updated procedure that requires the reconciliation to be performed within a reasonable amount of time after month end, and that a secondary review of the reconciliation be performed by a qualified individual and documented. We recommend RMD implement a real-time monitoring tool that prevents duplicate claims under Disability and Workers' Compensation rather than a periodic manual comparison, because amounts paid in error are virtually unrecoverable. The Department should perform periodic reviews to verify the compliance with and adequacy of the written policies and procedures.

Agency Response: The Disability Program has had a reconciliation system in place since August of 2013. This system compares payments in three (3) different ways to identify any issues. The three data that are compared against each other are: 1) the payment load submission files sent from CompuSys/Erisa, 2) the actual payment report from SHARE, and 3) the live checks that are mailed to Disability recipients. Comparison is done automatically each day and any payments not matching all 3 data sets are placed on a reconciliation report and are researched and dealt with daily by EBB staff. This system works well.

There was also an automated system in place since the beginning of 2014 that compared names of both Workers Compensation (WC) and Disability recipients to identify potential duplicate payments – and placed the findings on a shared drive folder in RMD. The daily analysis was done, but a staff person had not been identified until November 2014 to look at the potential double payments (both WC & Disability). The full process is now in place and analysis is occurring daily. Erisa enters benefits data and tracks benefit participation, but they do NOT do any claims processing nor deal with any financial aspects or funds. There have not been any duplicate payments actually occurring after researching the report findings.

2014-004 Improper Disposition of Property (Control Deficiency)

Condition: Equipment with a value of \$9,587 is located within inventory while being classified as disposed within the capital assets software.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014

Section II – Financial Statement Findings (continued)

2014-004 Improper Disposition of Property (Control Deficiency) (continued)

Criteria: 13-6-1 NMSA 1978 specifies that, upon notifying the State Auditor of the proposed disposition, "The governing authority shall dispose of the tangible personal property by negotiated sale to any governmental unit of an Indian nation, tribe or pueblo in New Mexico or by negotiated sale or donation to other state agencies, local public bodies, school districts, state educational institutions or municipalities or through the central purchasing office of the governing authority by means of competitive sealed bid or public auction or, if a state agency, through the surplus property bureau of the Transportation Services Division of the General Services Department."

Cause: A disposal of equipment was recorded and the physical disposal did not take place.

Effect: The Department is not in compliance with NMSA 1978. Assets that are not recorded within the capital assets listing have an increased susceptibility for misappropriation.

Recommendation: The Department should take appropriate action to correct the noncompliance either by disposing of the equipment or by reclassifying the asset within the capital assets software in conjunction with appropriate correspondence with the State Auditor.

Agency Response: The Department will develop and implement procedures to communicate fully to all divisions instructions for disposing of all property once approved by the State Auditor, and reflect accurately all such dispositions in its financial statements as well as inventories maintained by the respective divisions.

2014-005 – Internal Control over Service Organization (Significant Deficiency)

Condition: During our test work over Disability payments, we noted that the Department's contract with CompuSys Erisa, a service organization, does not require CompuSys Erisa to furnish the Department with an SSAE 16 report.

Statement on Standards for Attestation Engagements (SSAE) No. 16, *Reporting on Controls at a Service Organization*, was finalized by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) in January 2010 and enhances SAS 70 as the authoritative guidance for reporting on service organizations. Without this report, the Department lacks the ability to assess the internal control environment of the service organization that it has enlisted to process disability payments on behalf of the Department. During fiscal year 2014, the service organization processed \$2.1 million in disability payments on behalf of the Department.

Criteria: NMAC 2.2.2.8 Q (4) requires any violation of good accounting practice, including instances of noncompliance or internal control weaknesses, must be reported as an audit finding.

Cause: Lack of contractual conditions requiring the service organization to provide a SSAE 16 report.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014

Section II – Financial Statement Findings (continued)

2014-005 – Internal Control over Service Organization (Significant Deficiency) (continued)

Effect: The Department has no method of monitoring the internal controls of Disability payments.

Recommendation: The Department should ensure proper oversight of the internal controls of service organizations engaged to provide accounting or payment processing services by requiring the service organization to provide an SSAE 16 report at least annually.

Agency Response: CompuSys/Erisa regularly conducts SSAE 16 for their other clients, and no actions/findings/recommendations are identified in these reports. Since the State did not include this audit requirement in the Third Party Administrator RFP/contract, nor provide funding for the audits, the Department is not privy to the audit reports. The Employee Benefits Bureau of the Risk Management Division and CompuSys/Erisa have completed discussions and are creating an amendment that will include an annual SSAE 16 audit and report for both the Disability and Flexible Spending Account (FSA) Programs. The SSAE 16 audit will be conducted in June 2015, with an official report sent to the Department by the end of June 2015.

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2014

Section II – Financial Statement Findings

Finding 2011-004 Significant Deficit in Risk Management Net Assets Accounts (Other Matter) - Resolved

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, 2013, enterprise funds established to manage the risk of loss exposure for public liability, workers' compensation, and group insurance premium had deficit net asset balances of approximately \$70.5 million, \$37.6 million, and \$41.9 million, respectively. It is noted that the deficits are largely due to the Department recording actuarial estimated losses based on conservative accounting principles.

Finding 2012-003 Risk Management Claims Expenses (Material Weakness) - Resolved

Condition: During our testwork over risk management claims disbursements, we noted variances in the amount of claims disbursements per the Department's claims management subsidiary ledger (ATS) versus the amount recorded on the general ledger. The initial variance at June 30, 2013 was approximately \$866,000 for Worker's Compensation claims where the general ledger was higher than the subsidiary ledger and \$2.4 million for Property Liability claims where the subsidiary ledger was higher than the general ledger. The Department did try to reconcile these variances for audit testwork, but they were unable to reconcile to an amount we could test during audit fieldwork.

2013-001 Land Reconciliation (Significant Deficiency) – Repeated and Modified

Condition: During test work over capital assets, we noted the beginning balance for land identified by the Department did not agree to the ending balance at June 30, 2012. The Department informed us they are in the process of reconciling all land assets because they identified discrepancies during their transition to their new capital asset software. These discrepancies include variances from the prior capital assets software (GEAC), the imported balances to the new software (SunSystems), the Department's internal Land Holdings Listing, and the annual audited financial statements. At the time this audit was completed, the dollar value of the reconciliation was unknown.

2013-002 Restatement – Construction in Process (Material Weakness) - Resolved

Condition: During the year, the Department performed a thorough review of its construction in process and identified projects that were completed and transferred to depreciable assets from prior years; however, they were not deleted from the construction in process category during this transfer. Because certain assets were included in both buildings and construction in process, this created an overstatement of construction in process of approximately \$63.7 million at the year ending June 30, 2012.

**STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT
EXIT CONFERENCE
June 30, 2014**

An exit conference was held with the Department on December 11, 2014. The conference was held at the offices of the General Services Department in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT

Ed Burckle, Cabinet Secretary
Zella Kay Cox, Chief Financial Officer, Administrative Services Division Director
Duffy Rodriguez, Chief Operations Officer, Risk Management Division

CLIFTONLARSONALLEN LLP

Georgie Ortiz, CPA, CGFM, Managing Principal-New Mexico
Ian Murray, 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.