

**STATE OF NEW  
MEXICO  
DEPARTMENT OF  
PUBLIC SAFETY  
FINANCIAL STATEMENTS**

**JUNE 30, 2008**

Moss Adams LLP  
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## INTRODUCTORY SECTION

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
OFFICIAL ROSTER  
JUNE 30, 2008

Name	Title
John Denko	Cabinet Secretary
Faron Segotta	Deputy Secretary/ Chief-State Police Division
Paul Cook	Deputy Secretary

**Division Directors**

Cynthia M. Pittman	Administrative Services Division
Herman Silva	Special Investigations Division
Art Ortiz	Training and Recruitment Division
Mike Mier	Technical Support Division
Forrest Smith	Motor Transportation Division
Stephen Easley	Information Technology Division

## FINANCIAL SECTION

## Independent Auditors' Report

Mr. John Denko, Secretary  
State of New Mexico  
Department of Public Safety  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and major special revenue funds, and the aggregate remaining fund information of the State of New Mexico Department of Public Safety (Department) as of and for the year ended June 30, 2008, which collectively comprise the Department's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Department's non-major governmental funds, respective budgetary comparisons, major capital projects funds budgetary comparisons and fiduciary funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Mr. John Denko, Secretary  
State of New Mexico  
Department of Public Safety  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

As discussed in Note 2, 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, major funds and aggregate remaining fund information 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 State of New Mexico as of June 30, 2008, and the changes in financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2008, and the respective changes in financial position, where applicable, thereof, and the budgetary comparisons for the general fund and major special revenue funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund and fiduciary funds of the Department as of June 30, 2008, and the respective changes in the financial position thereof and the budgetary comparisons of the major capital projects fund, non-major funds, and the activities of the general fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 16, 2009, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mr. John Denko, Secretary  
State of New Mexico  
Department of Public Safety  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

For the year ended June 30, 2008, the Department has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual financial statements and budgetary comparisons. The accompanying schedules listed as supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Moss Adams LLP*

Albuquerque, New Mexico  
March 16, 2009

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
STATEMENT OF NET ASSETS  
June 30, 2008

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 195,313
Investment in State Treasurer General Fund Investment Pool	20,373,051
Federal grants receivable	6,796,553
Trade receivables	82,366
Due from other state agencies	795,570
Due from local governments	22,965
Supplies inventory	11,246
Prepaid postage	<u>7,020</u>
<b>Total current assets</b>	<u>28,284,084</u>
Capital assets, not being depreciated	14,394
Capital assets being depreciated, net of accumulated depreciation	<u>17,465,022</u>
<b>Total assets</b>	<u>\$ 45,763,500</u>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts payable	\$ 5,082,492
Accrued salaries and benefits payable	2,948,347
Due to State Treasurer's Office	3,141,675
Deferred revenue	9,503
Due to other state agencies	8,590,807
Due to local governments	12,117
Due to State General Fund	1,919,602
Compensated absences	<u>2,397,904</u>
<b>Total current liabilities</b>	<u>24,102,447</u>
Long-term Liabilities	
Compensated absences due after one year	<u>2,303,869</u>
<b>Total long-term liabilities</b>	<u>2,303,869</u>
<b>Total liabilities</b>	<u>26,406,316</u>
Net Assets	
Invested in capital assets	17,479,416
Unrestricted	<u>1,877,768</u>
<b>Total net assets</b>	<u>19,357,184</u>
<b>Total liabilities and net assets</b>	<u>\$ 45,763,500</u>

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
STATEMENT OF ACTIVITIES  
June 30, 2008

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	Governmental Activities
Governmental Activities				
Law Enforcement	\$ 101,398,662	3,093,264	5,636,521	(92,668,877)
Program Support	19,247,778	2,185,904	3,141,756	(13,920,118)
<b>Total governmental activities</b>	120,646,440	5,279,168	8,778,277	(106,588,995)
General revenues and (expenses)				
Transfers - State General Fund appropriations				91,520,600
Transfers - State Road Fund appropriations				6,000,000
Transfers in from other state agencies				3,380,771
Transfers out to other state agencies				(9,086,107)
Transfers - reversions to State General Fund - 2008 FY				(1,115,463)
Gain on sale of capital assets				362,876
<b>Total general revenues</b>				91,062,677
<b>Change in net assets</b>				(15,526,318)
Net assets, beginning				34,883,502
<b>Net assets, ending</b>				\$ 19,357,184

*See Notes to Financial Statements.*



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2008

	General Fund	Executive Orders - State Disaster	Federal Forfeitures-SPD	Capital Projects
<b>ASSETS</b>				
Interest in State Treasurer General Fund Investment Pool	\$ 9,503	6,599,561	7,527,983	2,382,238
Cash in banks	81,162	-	100,000	-
Cash on hand	14,151	-	-	-
Federal grants receivable	6,796,553	-	-	-
Trade Receivables	82,366	-	-	-
Due from other funds	6,708,121	-	-	-
Due from other state agencies	528,125	-	32,367	147,504
Due from local governments	-	-	-	-
Supplies inventory	11,246	-	-	-
Prepaid postage	7,020	-	-	-
<b>Total assets</b>	<b>\$ 14,238,247</b>	<b>6,599,561</b>	<b>7,660,350</b>	<b>2,529,742</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,954,670	-	-	127,422
Accrued salaries and benefits payable	2,948,347	-	-	-
Due to State Treasurer's Office	3,141,675	-	-	-
Deferred grants revenue	9,503	-	-	-
Due to other funds	-	-	5,242,647	-
Due to other state agencies	13,492	6,599,561	-	1,977,754
Due to local governments	12,117	-	-	-
Due to the State General Fund	1,748,727	-	-	-
<b>Total liabilities</b>	<b>12,828,531</b>	<b>6,599,561</b>	<b>5,242,647</b>	<b>2,105,176</b>
<b>FUND BALANCES</b>				
Reserved for				
Perty cash and change funds	14,151	-	-	-
Inventories	11,246	-	-	-
Postage	7,020	-	-	-
Unreserved, undesignated, reported in				
General Fund	1,377,299	-	-	-
Federal Forfeiture Funds	-	-	2,417,703	-
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	-	-	424,566
<b>Total fund balances</b>	<b>1,409,716</b>	<b>-</b>	<b>2,417,703</b>	<b>424,566</b>
<b>Total liabilities and fund balance</b>	<b>\$ 14,238,247</b>	<b>6,599,561</b>	<b>7,660,350</b>	<b>2,529,742</b>

See Notes to Financial Statements.

	Other Non-Major Funds	Total Governmental Funds
\$	3,853,766	20,373,051
	-	181,162
	-	14,151
	-	6,796,553
	-	82,366
	4,406	6,712,527
	87,574	795,570
	22,965	22,965
	-	11,246
	-	7,020
	<u>3,968,711</u>	<u>34,996,611</u>

\$	400	5,082,492
	-	2,948,347
	-	3,141,675
	-	9,503
	1,469,880	6,712,527
	-	8,590,807
	-	12,117
	<u>170,875</u>	<u>1,919,602</u>
	<u>1,641,155</u>	<u>28,417,070</u>

	-	14,151
	-	11,246
	-	7,020
	-	1,377,299
	-	2,417,703
	2,327,556	2,327,556
	-	424,566
	<u>2,327,556</u>	<u>6,579,541</u>
\$	<u>3,968,711</u>	<u>34,996,611</u>

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
GOVERNMENTAL FUNDS  
June 30, 2008

Total fund balance for the governmental fund (balance sheet)	\$ 6,579,541
Amounts reported for governmental activities in the Statement of Net assets are different because	
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,479,416
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(4,701,773)</u>
<b>Net assets of governmental activities (statement of net assets)</b>	<u><u>\$ 19,357,184</u></u>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
June 30, 2008

	General Fund	Executive Orders - State Disaster	Federal Forfeitures-SPD	Capital Projects
<b>Revenues</b>				
Federal grants	\$ 8,778,277	-	-	-
Forfeitures	-	-	2,185,904	-
Other program fees	2,153,029	-	187,873	-
Proceeds from sale of property	495,422	-	-	-
<b>Total revenues</b>	<b>11,426,728</b>	<b>-</b>	<b>2,373,777</b>	<b>-</b>
<b>Expenditures</b>				
Public safety				
Current				
Personal services and employee benefits	83,965,506	-	-	-
Contractual services	2,597,832	-	-	180,787
Other costs	25,388,687	-	-	2,632,178
Capital outlay	3,549,487	-	-	-
<b>Total expenditures</b>	<b>115,501,512</b>	<b>-</b>	<b>-</b>	<b>2,812,965</b>
Excess (deficiency) of revenues over expenditures	(104,074,784)	-	2,373,777	(2,812,965)
<b>Other Financing Sources (Uses)</b>				
Transfers - State General Fund appropriations	91,515,600	-	-	5,000
Transfers - State Road Fund appropriations	6,000,000	-	-	-
Transfers - reversions to State General Fund - 2008 FY	(999,755)	-	-	-
Interagency Transfer In	3,197,702	-	-	183,069
Interfund Transfer In	1,178,273	-	-	-
Interfund Transfer Out	-	-	(839,024)	-
Interagency Transfers Out	(2,486,879)	(6,599,228)	-	-
<b>Total other financing sources (uses)</b>	<b>98,404,941</b>	<b>(6,599,228)</b>	<b>(839,024)</b>	<b>188,069</b>
Change in fund balances	(5,669,843)	(6,599,228)	1,534,753	(2,624,896)
Fund balances, beginning	7,079,559	6,599,228	882,950	3,049,462
<b>Fund balances, ending</b>	<b>\$ 1,409,716</b>	<b>-</b>	<b>2,417,703</b>	<b>424,566</b>

See Notes to Financial Statements.

	Other Non-Major Funds	Total Governmental Funds
\$	-	8,778,277
	-	2,185,904
	752,362	3,093,264
	-	495,422
	<u>752,362</u>	<u>14,552,867</u>
	-	83,965,506
	-	2,778,619
	-	28,020,865
	-	<u>3,549,487</u>
	-	<u>118,314,477</u>
	<u>752,362</u>	<u>(103,761,610)</u>
	-	91,520,600
	-	6,000,000
	(115,708)	(1,115,463)
	-	3,380,771
	-	1,178,273
	(339,249)	(1,178,273)
	-	<u>(9,086,107)</u>
	<u>(454,957)</u>	<u>90,699,801</u>
	<u>297,405</u>	<u>(13,061,809)</u>
	<u>2,030,151</u>	<u>19,641,350</u>
\$	<u><u>2,327,556</u></u>	<u><u>6,579,541</u></u>

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
June 30, 2008

Net change in Fund Balance - Total Governmental Funds \$ (13,061,809)  
(State of Revenues, Expenditures and Changes in Fund Balance)

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

Capital outlays to purchase or build capital assets are reported in  
governmental funds as expenditures. However, for governmental  
activities these costs are shown in the statement of net assets and  
allocated over their estimated useful lives as annual depreciation  
expenses in the Statement of Activities.

Capital asset additions	\$ 5,858,655	
Depreciation expense	<u>(8,181,955)</u>	(2,323,300)

Governmental funds only report the disposal of capital assets to the extent  
proceeds are received from the sale. In the Statement of Activities,  
a gain or loss is reported for each disposal. This is the amount of the  
net book value of the capital assets disposed of. (132,546)

Some items reported in the Statement of Activities do not require the use  
of current financial resources and, therefore, are not reported as  
expenditures in governmental funds.

Change in compensated absences		<u>(8,663)</u>
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<b>Change in net assets of governmental activities (statement of activities)</b>		<u><u>\$ (15,526,318)</u></u>
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*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS) -  
MAJOR FUND - FUND 128  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 94,713,300	94,713,300	91,515,600	3,197,700
Other appropriations	6,127,600	6,127,600	6,000,000	127,600
Federal funds	18,926,900	21,604,400	8,778,277	12,826,123
Other state funds	4,335,300	4,485,300	2,648,451	1,836,849
Other financing sources	1,373,200	2,823,119	4,375,975	( 1,552,856 )
Reversions	-	-	( 999,755 )	( 999,755 )
<b>Total revenues</b>	<u>125,476,300</u>	<u>129,753,719</u>	<u>112,318,548</u>	<u>\$ 15,435,661</u>
Prior year cash budgeted	<u>3,905,256</u>	<u>3,905,256</u>		
<b>Total budgeted revenues</b>	<u>\$ 129,381,556</u>	<u>133,658,975</u>		
<b>Expenditures</b>				
Personal services & benefits	\$ 88,269,700	89,747,110	83,965,506	5,781,604
Contract services	6,739,538	6,430,688	2,597,832	3,832,856
Other	34,223,948	37,332,807	28,938,174	8,394,633
Other financing uses	148,370	148,370	2,486,879	( 2,338,509 )
<b>Total budgeted expenditures</b>	<u>\$ 129,381,556</u>	<u>133,658,975</u>	<u>117,988,391</u>	<u>15,670,584</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (5,669,843)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
MAJOR SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS) -  
FEDERAL FORFEITURES FUND  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 269,000	1,142,119	<u>2,373,777</u>	<u>1,231,658</u>
<b>Total budgeted revenues</b>			<u>\$ 2,373,777</u>	<u>1,231,658</u>
Prior year cash budgeted	<u>-</u>	<u>-</u>		
<b>Total budgeted revenues</b>	<u>\$ 269,000</u>	<u>1,142,119</u>		
Expenditures				
Other financing uses	\$ 269,000	1,142,119	<u>839,024</u>	<u>303,095</u>
<b>Total budgeted expenditures</b>	<u>\$ 269,000</u>	<u>1,142,119</u>	<u>839,024</u>	<u>303,095</u>
Excess (deficiency) of revenue over expenditures			<u>\$ 1,534,753</u>	

*See Notes to Financial Statements.*



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
STATEMENT OF FIDUCIARY ASSETS  
AND LIABILITIES-AGENCY FUNDS  
June 30, 2008

	Agency Funds
<b>ASSETS</b>	
Interest in State Treasurer General Fund Investment Pool	\$ 390,069
Due from other state agencies	100,674
<b>Total assets</b>	<u>\$ 490,743</u>
<b>LIABILITIES</b>	
Assets held for others	490,743
<b>Total liabilities</b>	<u>\$ 490,743</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**NOTE 1. HISTORY AND FUNCTION**

On July 1, 1987, the Department of Public Safety (Department) was formed by NMSA, Section 9-19. The Department of Public Safety combined the activity that was previously handled by the following:

1. New Mexico State Police
2. Enforcement portion of the Alcoholic Beverage Control
3. Law Enforcement Academy
4. Civil Emergency Preparedness Division of the Office of Military Affairs
5. Hazardous Materials Emergency Response Program
6. Governors Organized Crime Prevention Commission

On July 1, 1999, the Motor Transportation Division (MTD) was transferred to the Department from the New Mexico Taxation and Revenue Department. On July 1, 2007, the Emergency Management Division was transferred from the Department to the New Mexico Department of Homeland Security and Emergency Management.

The basic function of the Department of Public Safety is to establish a single, unified department to consolidate state law enforcement and safety functions. The goal is to provide better management, real coordination and efficient use of state resources and manpower in responding to New Mexico's public safety needs and problems.

The accounting policies of the New Mexico Department of Public Safety conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity and Component Units**

The chief executive of the Department is the Secretary, who is appointed by the Governor of the State of New Mexico and is a member of the Governor's cabinet. The Department is a component unit to the executive branch and these financial statements include all funds, programs and activities over which the Department Secretary has oversight responsibility.

In evaluating how to define the Department for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**A. Reporting Entity and Component Units (Continued)**

this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Department is able to exercise oversight responsibilities. Based upon the application of these criteria, the Department does not have any component units.

The Department is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, but would be included in a state-wide Comprehensive Annual Financial Report (CAFR). Even though the Department Secretary is appointed by the Governor, the Department Secretary has decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

**B. Basic Financial Statements - Government-Wide Statements**

The Department's basic financial statements include both government-wide (based on the Department as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic statement) categorize primary activities as either governmental or business type, excluding fiduciary funds or component units that are fiduciary in nature. The Department is a single purpose government entity and has no business type activities. In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis are reflected on the full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. The Department's net assets are reported in three parts; invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**B. Basic Financial Statements - Government-Wide Statements (Continued)**

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety) which are otherwise supported by general government revenues. The Statement of Activities reduces gross expense (including depreciation expense on capital assets) by related program revenues, operating and capital grants. Program revenue must be directly associated with the function (public safety) and consists of federal grants, forfeitures from criminal and fees for services.

The net cost by function is normally covered by general revenue. Since the Department only has one program, it does not employ indirect cost allocation. Program revenues consist of federal and state grants and fines and fees.

The government-wide focus is more on the sustainability of the Department as an entity and the change in the Department's net assets resulting from the current year's activities.

**C. Basic Financial Statements - Fund Financial Statements**

Emphasis is on the major funds of the governmental category. Non-major funds are summarized into a single column. The Department's major funds are its General Fund, Executive Order Fund (State Disaster Funds), Federal Forfeitures Special Revenue Fund, and Capital Projects Fund. The Capital Projects Fund is presented as a major fund each year, even if it does not meet the definition of one, as expenditures vary from year to year and this presentation is consistent and easier for financial statement users.

The governmental funds in the financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed more appropriate to demonstrate legal and covenant compliance, to demonstrate the source and use of liquid resources and to demonstrate how the Department's actual experience conforms with the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

**C. Basic Financial Statements - Fund Financial Statements (Continued)**

The Department's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide statements.

The focus is on the Department as a whole and the fund financial statements, including the major individual funds of the governmental category, as well as the fiduciary fund by category.

The financial transactions of the Department are recorded in individual 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, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following fund types are used by the Department:

**Governmental Fund Types**

All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

C. Basic Financial Statements - Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

*General Fund.* The General Fund is the general operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is made up of the following SHARE Fund numbers.

- |       |  |
|-------|--|
| 12800 | General Operating - The operating account for the Department. This is a reverting fund.  |
| 69600 | Local Law Enforcement Program Fund - This is also an operating account for the Department which receives federal grant revenues. It is mainly inactive, and the Department is researching its necessity. |

A portion of the General Fund activity related to Homeland Security was transferred of the Department of Homeland Security effective July 1, 2007. This transfer was not budgeted, but was authorized by the transfer statute.

*Special Revenue Funds.* The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes and non reverting except as noted.

- |       |  |
|-------|--|
| 27200 | State Chemist Fees Fund - The State Chemist Fees Fund was established in accordance with a New Mexico Department of Finance and Administration directive to account for substance abuse fees collected and expended for the administration of certain Department of Public Safety programs related to controlled substances.   |
| 34200 | Forfeitures (CSA) Fund - The CSA Forfeitures Fund was established in accordance with Section 30-31-35, NMSA 1978 Compilation to account for property forfeited under the Controlled Substance Act. The funds received are to be utilized by the Law Enforcement Agency in the enforcement of the Act.  |
| 34300 | Federal Forfeitures Fund - State Police - The Federal Forfeitures Funds were established in accordance with the authority found in 21 U.S.C. s 881 (e) (1) (A), 18. U.S.C. s 981 (e) and 19 U.S.C. s 1616 to account for the proportionate share of funds received from federal property seizures. Procedures are to be used in accordance with guidelines established in <i>Asset Forfeiture and Equitable Sharing: An Update</i> . |

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

C. Basic Financial Statements - Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

- 67000 Orphan Materials Recovery Fund - The Orphan Materials Recovery Fund was established in accordance with Section 74-4B-13, NMSA 1978 Compilation to account for contracting for the disposal of orphan hazardous materials held in the possession of the Department and identified by state emergency response officers.
- 78600 Law Enforcement Advanced Training Fund - The Law Enforcement Training Fund was established in accordance with Section 29-7-12, NMSA 1978 Compilation to account for funds obtained in administering special training programs. The funds are used to conduct special training programs by specialized instructors. Any unexpended, unencumbered cash balance reverts to the State General Fund at the end of each fiscal year.
- 85500 Executive Order Fund (State Disaster Funds) - The Executive Order Fund (State Disaster Funds) was established in accordance with Section 6-7-3 NMSA 1978 Compilation to account for funds designated for use in disaster assistance. Funds are utilized in rendering aid in emergency situations. This fund was transferred to the Department of Homeland Security as of July 1, 2007, and is presented in FY08 only to show the related transfer out. The actual cash transfer occurred subsequent to year end and is therefore shown as a due to other state agency at year end. This fund was not budgeted in fiscal year 2008.
- 90800 Federal Forfeitures Fund - Motor Transportation - The Federal Forfeitures Funds were established in accordance with the authority fund in 21 U.S.C. s 881 (e) (1) (A), 18. U.S.C. s 981 (e) and U.S.C. s 1616 to account for the proportionate share of funds received from federal property seizures. Procedures are to be used in accordance with guidelines established in *Asset Forfeiture and Equitable Sharing: An Update*.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

C. Basic Financial Statements - Fund Financial Statements (Continued)

**Governmental Fund Types (Continued)**

89400 Crime Stoppers Reward Fund - The Crime Stoppers Reward Fund was established in accordance with a New Mexico Department of Finance and Administration directive to account for contributions (gifts, bequests or court-ordered amounts) to the Crime Stoppers program and expenditures from the program. The fund is a non-DFA vouchering fund. A duly authorized bank account (Bank of America, Account #0001 2422 9485) is used to deposit receipts and to disburse expenditures.

59400 Concealed Handgun Carry Fund - The Concealed Handgun Carry Fund was established in the Laws of 2001, Chapter 29-19-13, to carry out the provisions of the Concealed Handgun Carry Act. Balances remaining at the end of any fiscal year shall not revert to the State General Fund and may be used to maintain the state's criminal history database.

88200 Special Donations Fund (SHARE 882000) - The Special Donations Fund was established in accordance with the New Mexico Department of Finance and Administration directive to account for contributions (gifts, bequests, or court-ordered amounts). The fund is budgeted as a DFA vouchering fund. The use of funds are specified by the donor.

*Capital Projects Funds* - The Capital Projects Funds are used to account for major capital expenditures.

09000 Capital Projects Fund (1998 Projects) - The Capital Projects Fund was initially established in accordance with Chapter 7, Section 14, Laws of 1998, to account for funds received from the issuance of Severance Tax Bonds in the amount of \$20,000 to purchase and install communications technology for the town of Mesilla in Dona Ana County. It is now used for other capital projects. It is funded by state appropriations used for buildings and other projects.

**Fiduciary Fund Types**

Fiduciary fund types include trust and agency funds, which are used to account for assets held by the Department in the capacity of trustee or agent.



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**C. Basic Financial Statements - Fund Financial Statements (Continued)**

**Fiduciary Fund Types (Continued)**

Agency Fund - Agency funds are used to account for assets held as an agent for other governmental units, individuals and other funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Peace Officers' Survival Fund (SHARE 346) – The Peace Officers' Survival Fund was established in accordance with Section 29-4 NMSA, 1978 Compilation to account for monies held as supplemental death benefits to the spouses and surviving children of New Mexico peace officers killed in the line of duty on or after April 5, 1995. A review committee consisting of the New Mexico Attorney General, State Police Chief and State President of the Fraternal Order of Police determine eligibility. For the June 30, 2008 financial statements, the Peace Officers' Survival Fund is presented as an agency fund based on the nature of the fund.

**D. Receivables**

There is no allowance for doubtful accounts as all receivables are considered fully collectible.

**E. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. The Department has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The governmental funds in the fund financial statement are presented on a modified accrual basis. Under the accrual method of accounting, revenues are recognized when earned and expenditures are recognized when incurred.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**E. Basis of Accounting (Continued)**

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the current fiscal period; available meaning collectible within the current period or soon enough thereafter, 60 days, to be used to pay liabilities of the current period.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other state and local agencies are recorded, as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.

Expenditures are recorded as liabilities when incurred. An exception to this general rule is that accumulated unpaid annual, compensatory and certain sick leave are not accrued as current liabilities but as non-current liabilities. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, 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 requirement are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

**F. Budgets and Budgetary Accounting**

The State Legislature makes annual appropriations to the Department which lapse at fiscal year-end. Legal compliance is monitored through the establishment of a budget (modified cash-basis) and a financial control system which permits a budget-to-actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**F. Budgets and Budgetary Accounting (Continued)**

Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriations Act. The budget amounts shown in the financial statements are the final authorized amounts as legally revised during the year.

The General Appropriation Act of 2004 established the modified accrual basis of accounting for governmental funds in accordance with the Manual of Model Accounting Practices issued by the Department of Finance and Administration as the budgetary basis of accounting for the State of New Mexico the change in policy resulted in the recognition of budgetary control from a fiscal year to an appropriation period. Under the budgetary basis, prior year encumbrances allowed for money to be expended in one fiscal year, while charging the expenditure to another year's budget. Under the new policy, as long as the appropriation period has not lapsed, and a budget has been approved by the Department of Finance and Administration, an encumbrance can be charged against that budget. However, when the appropriation period has lapsed, so does the authority for the budget.

The General Fund, Special Revenues Funds and the Capital Projects Fund's budgetary legal authorization to incur obligations is on a basis that differs from the basis of accounting required by generally accepted accounting principles (GAAP). The budget is prepared on a modified accrual basis and may include encumbrances for multiple year appropriations in fund expenditures (commitments for the expenditure of monies relating to unperformed contracts of orders for goods and services). GAAP includes accrued expenditures but does not include encumbrances in fund expenditures.

The Department follows these procedures in establishing the budgetary data reflected in the financial statements:

1. No later than September 1, the Department submits to the Legislative Finance Committee (LFC) and the Budget Division of the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**F. Budgets and Budgetary Accounting (Continued)**

2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of those hearings are incorporated into the state's General Appropriations Act.
3. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
4. No later than May 1, the Department submits to DFA an annual operating budget by appropriation unit and object code based upon the appropriation made by the Legislature. The DFA Budget Division reviews and approves the operating budget which becomes effective on July 1. All subsequent budgetary adjustments must be approved by the Director of the DFA Budget Division and by LFC.
5. Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, item N, "For the purpose of administering the General Appropriation Act of 2007 and approving operating budgets, the state of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration." The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. The Department has not included such reconciliation for fiscal year 2008 as all payables were paid by the statutory deadline. 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.

**G. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the government funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Encumbrances lapse at year end unless they relate to a multi-year appropriation.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**H. Cash**

Cash is deposited by the Department into its accounts with the State Treasurer, which are pooled and invested by the State Treasurer, and various financial institutions. The Department considers cash on hand, cash in banks, and the Interest in State Treasurer General Fund Investment Pool to be cash and cash equivalents. Negative cash, if any, is shown as Due to State Treasurer's Office.

**I. Federal Grants Receivable (Deferred Revenue)**

Various reimbursement procedures are used for federal awards received by the Department. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, deferred revenue balances represent an overdraw of cash (advances) in excess of modified accrual basis expenditures. Generally, receivable or deferred revenue balances caused by differences in the timing of cash reimbursements and expenditures will be reversed or returned to the grantor in the remaining grant period.

Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. As a result of this and other issues, management provides an allowance for potential contractual allowances for federal revenue. Any changes in these estimates are recorded in the period that the estimate is changed.

Certain federal program funds are passed through the Department to subgrantee organizations.

**J. Inventories**

Inventories consist of supplies on hand valued at cost on a first-in, first-out basis. Such inventory consists of generic supplies and materials held for consumption and is expended when purchased. Under the purchase method, the purchases of inventory are recorded as expenditures and at year-end the balance of inventories is recorded with an offsetting reserve of fund balance in the Governmental Fund Statements.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**K. Capital Assets**

Capital assets purchased or acquired at a value of \$5,000 or greater are capitalized. In some cases, assets acquired at a value of \$5,000 or less are capitalized. Assts are carried at historical costs or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed when incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful life with no salvage value.

	Years
Furniture and fixtures	10
Equipment and machinery	5
Automobiles	4
Aircraft	10
Buildings and structures	20
Data processing equipment	3
Livestock and Poultry	2

The Department utilizes facilities and buildings that are owned by the Property Control Division of the State of New Mexico General Services Department. These assets and the related depreciation expense are not included in the accompanying financial statements. GASB 34 requires the recording and depreciation of infrastructure assets, such as roads, bridges, etc. The Department does not own any infrastructure assets.

**L. Accrued Compensated Absences - Annual Leave**

Commissioned employees accumulate annual leave as follows:

Years of Service	Hours Earned Per Pay Period	Days Earned Per Year	Days of Maximum Accrual
1-10	4.61	15	30
11-15	5.54	18	30
16-20	6.46	21	30
20 <sup>th</sup> /Beyond	7.38	24	30

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

L. Accrued Compensated Absences - Annual Leave (Continued)

Other qualified employees accumulate annual leave as follows:

Years of Service	Hours Earned Per Month	Days Earned Per Year	Days of Maximum Accrual
1-3	3.08	10	30
4-7	3.69	12	30
8-11	4.61	15	30
12-15	5.54	18	30
15 <sup>th</sup> /Beyond	6.15	20	30

Thirty (30) days of accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is forfeited. When employees terminate, they are compensated for accumulated annual leave as of the date of termination, up to a maximum of thirty (30) days. Accrued annual leave is recorded as a non-current liability in the government-wide financial statements.

Employees who have over 600 hours of accumulated sick leave can receive payment for hours over 600, up to 120 hours, on July 1 or January 1 of each year. However sick leave is paid at fifty percent of the employee's regular hourly wage. At retirement, employees can receive fifty percent payment for up to 400 hours for the hours over 600 hours of accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2008, over 600 hours up to 120 hours per employee. Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences. Accrued vested sick pay is recorded as a non-current liability in the government-wide financial statements.

M. Reservations and Designations

Reservations of fund balance in the governmental fund statements are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriated

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

**M. Reservations and Designations (Continued)**

for future expenditures. Specific reservations of fund balance accounts are summarized below:

*Reserved for Petty Cash and Change Funds.* This reserve was created for imprest petty cash funds and change funds.

*Reserved for Inventories.* This reserve was created to represent the portion of fund balance that is not available for expenditures because the Department expects to use the resources within the next budgetary period.

*Reserved for Postage.* This reserve was created for prepaid postage on hand at year end. At year end, postage remaining in the meter is recorded as a prepaid asset with an offsetting reserve of fund balance in the Governmental Fund Statement.

**N. Net Assets**

The government-wide and business types fund financial statements utilize a net asset presentation. Net assets are categorized as investment in fixed assets (net of related debt), restricted and unrestricted.

*Investment in Capital Assts (net of related debt)* - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

*Restricted Assets* - are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory or granting agency) limitation on their use.

*Unrestricted Assets* - represent unrestricted liquid assets.

The Department allocates expenses to restricted or unrestricted resources based on the budgeted source of funds. It is the Department's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3. CASH

*Investment in the State Treasurer General Fund Investment Pool.* All funds allotted to the Department are held by the New Mexico State Treasurer. Deposits are non-interest bearing. Money deposited by the Department with the State Treasurer is pooled and invested by the State Treasurer. The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$100,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral for the fiscal account is required in amounts equal to 50% of the average investment balance. Separate financial statements of the State Treasurer indicate collateral categories of risk and market value of purchased investments. All collateral is held in third-party safekeeping. A supplemental schedule of cash that the Department held as of June 30, 2008 is presented in the financial statements as supplemental information.

*Cash Held for Others-Evidence Funds.* In the course of discharging its duty of enforcing the Controlled Substance Act, the Department confiscates cash and assets. These assets are held by the Department pending court action. The Evidence Fund reflects confiscated cash balances at June 30, 2008. In addition, the Department confiscates other personal property for which it stands in an agency capacity until such time as the courts direct disposition of the property. The other personal property is not recorded on the Department's books, nor is it included in these financial statements, as the fair market value is not readily estimable.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 3. CASH (CONTINUED)**

*Cash With Undercover Agents.* As part of its general appropriation, the Department is allotted State General Fund and Controlled Substance monies to be used by criminal and narcotic agents to purchase evidence in the field. Cash was held by agents in the field and held in banks as indicated above. These funds may subsequently be returned to the Department or reverted to the State General Fund in the future.

*Pledged Collateral by Banks.* All funds on deposit with banking institutions were fully covered by FDIC insurance at June 30, 2008.

**NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables are as follows:

	Due From (Receivable)	Due To (Payable)
General Fund (12800)	\$ 6,708,121	-
State Chemist Fee (Fund 27200)	-	366,827
State Forfeitures (34200)	-	582,507
Federal Forfeitures (34300)	-	5,242,647
Concealed Handgun Carry (59400)	4,406	48,700
Orphan Material Recovery (67000)	-	6,226
Advanced Training (78600)	-	465,620
<b>Total</b>	<u>\$ 6,712,527</u>	<u>6,712,527</u>

Due from and due to other funds represent interfund receivables and payables arising from interdepartmental transactions for expenditures. These amounts have been eliminated on the governmental wide statement. All balances are expected to be paid within one year from the date of the financial statements.

The composition of interfund transfers are as follows:

	Transfers In	Transfers Out
General Fund (12800)	\$ 1,178,273	-
State Chemist Fee (27200)	-	107,099
State Forfeitures (34200)	-	139,679
Federal Forfeitures (34300)	-	839,024
Concealed Handgun (59400)	-	5,682
Advanced Training (78600)	-	86,789
<b>Total</b>	<u>\$ 1,178,273</u>	<u>1,178,273</u>

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
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June 30, 2008

**NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS  
(CONTINUED)**

To capture expenditures at the program level, expenditures are budgeted and processed in the General fund. Interagency transfers are subsequently made to recognize the outlay in the proper fund.

**NOTE 5. DUE TO AND DUE FROM AND TRANSFERS – OTHER AGENCIES**

	Due From	Due To
Capital Projects (09000)		
State Treasurer (394)	\$ 14,435	-
Department of Finance & Administration (341)	133,069	-
Department of Finance & Administration (341)	-	126,659
Department of Finance & Administration (341)	-	97,900
Department of Finance & Administration (341)	-	92,594
Department of Finance & Administration (341)	-	161,362
General Services Department (350)	-	1,499,239
Total Capital Projects	<u>147,504</u>	<u>1,977,754</u>
General Fund (12800)		
Department of Finance & Administration (341)	-	-
General Services Department (350)	137,800	-
Department of Health (665)	208,962	-
Legislative Council Service (111)	-	-
Children, Youth and Families Department (690)	68,855	-
Racing Commission (469)	9,916	-
Taxation and Revenue Department (333)	7,896	-
Public Education Department (924)	24,541	-
New Mexico State Fair (460)	15,257	-
Medical Board (446)	32,877	-
Gaming Control Board (465)	7,926	-
12 <sup>th</sup> Judicial District Court (242)	250	-
2 <sup>nd</sup> Judicial District Court (232)	500	-
5 <sup>th</sup> Judicial District Court (235)	500	-
6 <sup>th</sup> Judicial District Court (236)	500	-
Adult Detention Center (770)	250	-
CYFD Juvenile Probation (690)	250	-
DFA Central Payroll (341)	6,832	-
Hidalgo District Attorney Office	250	-
Highway & Transportation Department (805)	1,448	-

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 5. DUE TO AND DUE FROM AND TRANSFERS – OTHER AGENCIES  
(CONTINUED)

	Due From	Due To
General Fund (12800) (Continued)		
Juvenile Detention Center (690)	\$ 250	-
McKinley County Adult Detention	250	-
NM Department of Game and Fish (516)	130	-
NM State Forestry (EMNRD) (521)	250	-
NMYA Juvenile Reintegration (690)	250	-
NMYA Probation and Parole (690)	750	-
Regulation and Licensing Division (420)	1,226	-
State Agency on Aging (624)	210	-
2 <sup>nd</sup> District Attorney's Office (252)	-	-
3 <sup>rd</sup> District Attorney's Office (253)	-	-
11 <sup>th</sup> District Attorney's Office (261)	-	-
4 <sup>th</sup> District Attorney's Office (254)	-	-
5 <sup>th</sup> District Attorney's Office (255)	-	-
7 <sup>th</sup> District Attorney's Office (257)	-	-
8 <sup>th</sup> District Attorney's Office (258)	-	-
11 <sup>th</sup> District Attorney's Office (261)	-	-
12 <sup>th</sup> District Attorney's Office (262)	-	-
13 <sup>th</sup> District Attorney's Office (263)	-	-
Administration Office of District Attorney's (264)	-	-
Department of Transportation (805)	-	13,492
Total General Fund	<u>528,125</u>	<u>13,492</u>
Federal Forfeitures Fund (34300)		
State Treasurer (394)	<u>32,367</u>	-
Executive Order-State Disaster (85500)		
Department of Homeland Security (795)	<u>-</u>	<u>6,599,561</u>
State Chemist Fees (27200)		
Administrative Office of the Courts (218)	80,149	-
Advanced Training Fund (78600)		
1 <sup>st</sup> Judicial District Attorney (251)	20	-
3 <sup>rd</sup> District Attorney (253)	10	-
8 <sup>th</sup> Judicial District Attorney (258)	10	-
Department of Corrections (770)	940	-

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 5. DUE TO AND DUE FROM AND TRANSFERS – OTHER AGENCIES  
(CONTINUED)

	Due From	Due To
Advanced Training Fund (78600) (Continued)		
Department of Information Technology (361)	\$ 70	-
EMNRD/NM Parks and Recreation (521)	1,285	-
GSD – State Communications (350)	440	-
Insurance Fraud Bureau (PRC) (430)	75	-
Metropolitan Court	10	-
New Mexico State Police (790)	1,265	-
Department of Game and Fish (516)	2,810	-
NM Gaming Control Board/ISD (465)	90	-
NM Insurance Fraud Bureau (PRC) (430)	90	-
NM Livestock Board (508)	130	-
NM Racing Commission (469)	110	-
Santa Fe Regional Comm.	10	-
NM Department of Health/PHD (665)	60	-
Total other Non-Major Funds	<u>87,574</u>	-
<b>Total</b>	<u>\$ 795,570</u>	<u>8,590,807</u>

These transfers and related due to/from's are for the purpose of transferring fees collected by one agency and used by another and for expenditures made by one agency and reimbursed by the other.

STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 5. DUE TO AND DUE FROM AND TRANSFERS – OTHER AGENCIES (CONTINUED)

	State General Fund 853	DFA 341	Department of Transportation 805	General Services Department 350	Department of Public Safety 12800	Department of Public Safety 85500	Department of Public Safety 78600
NM DPS General Fund – 12800 (General Fund Appropriation)	\$ 88,605,600						
NM DPS General Fund – 12800 (Mounted Patrol Training Program)	50,000						
NM DPS General Fund – 12800 (Hazardous Materials Training)	55,000						
NM DPS General Fund – 12800 (Lea County Crime Lab)	100,000						
NM DPS General Fund – 12800 (NMSP District 6 Garage equipment & supplies)	30,000						
NM DPS General Fund – 12800 (Juvenile Crime Prevention Program)	50,000						
NM DPS General Fund – 12800 (Before and After School Programs)	25,000						
NM DPS General Fund – 12800 (Fuel for State Police Fleet)	1,000,000						
NM DPS General Fund – 12800 (Replace Vehicles)	1,400,000						
NM DPS General Fund – 12800 (NMLETS)	200,000						
NM DPS Capital Projects Fund – 09000 (Mounted Patrol equipment)	<u>5,000</u>						
Total State General Fund Appropriations	\$ 91,520,600						

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 5. DUE TO AND DUE FROM AND TRANSFERS – OTHER AGENCIES (CONTINUED)

	State General Fund 853	DFA	Department of Transportation	General Services Department	Department of Public Safety	Department of Public Safety	Department of Public Safety
NM DPS General Fund – 12800 (Road Fund Allotment)	\$ 6,000,000	341	805	350	12800	85500	78600
Total State Road Fund Appropriations	\$ 6,000,000						
Department of Finance – 341 (State General Fund Reversion)					(999,755)		(115,708)
Total Reversions						\$ (1,115,463)	
NM DPS General Fund – 12800 (Compensation Package)	\$ 3,197,702						
NM DPS Capital Projects Fund – 09000 (MOU 08-0004)				50,000			
NM DPS Capital Projects Fund – 09000 (Bond Proceeds for Helicopter)		133,069					
Total Interagency Transfers In			\$ 3,380,769				
Department of Homeland Security – 795 (Transfers fund from DPS to new agency)						(6,599,228)	
Department of Homeland Security - 795 (Remaining Grant Activity to new agency)					(2,381,879)		
Department of Finance - 341 (Transfer to Correct Due From)					(105,000)		
Total Interagency Transfers out						\$ (9,086,107)	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 6. CAPITAL ASSETS

The capital assets activity for the year ended June 30, 2008, is as follows:

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008
Capital assets not being depreciated				
Land	\$ 14,394	-	-	14,394
Other capital assets				
Furniture and fixtures	301,789	22,471	(2,210)	322,050
Equipment and machinery	19,980,078	862,188	(86,882)	20,755,384
Automobile	27,459,614	3,548,671	(3,272,958)	27,735,327
Aircraft	4,454,817	1,333,069	-	5,787,886
Buildings and structures	3,019,292	48,187	-	3,067,479
Data processing equipment	12,113,249	33,069	(111,026)	2,035,292
Livestock and poultry	55,943	11,000	-	66,943
Total other capital assets	<u>67,399,176</u>	<u>5,858,655</u>	<u>(3,473,076)</u>	<u>69,784,755</u>
Accumulated depreciation for				
Furniture and fixtures	166,901	21,102	(1,895)	186,108
Equipment and machinery	17,167,963	1,472,232	(86,883)	18,553,312
Automobile	18,751,001	4,089,540	(3,244,282)	19,596,259
Aircraft	1,680,214	491,751	-	2,171,965
Buildings and structures	665,887	162,289	-	828,176
Data processing equipment	8,972,598	1,940,989	-	10,913,587
Livestock and poultry	59,352	4,052	(7,472)	55,932
Total accumulated depreciation	<u>47,463,916</u>	<u>8,181,955</u>	<u>(3,340,532)</u>	<u>52,305,339</u>
Other capital assets, net	\$ 19,935,260	(2,323,300)	(132,544)	17,479,416
Capital assets summary				
Capital assets not being depreciated	\$ 14,394	-	-	14,394
Other capital assets, at cost	<u>67,384,782</u>	<u>5,858,655</u>	<u>(3,473,076)</u>	<u>69,770,361</u>
Total cost of capital assets	<u>67,399,176</u>	<u>5,858,655</u>	<u>(3,473,076)</u>	<u>69,784,755</u>
Accumulated depreciation	<u>(47,463,916)</u>	<u>8,181,955</u>	<u>(3,340,532)</u>	<u>(52,305,339)</u>
Capital assets, net	<u>\$ 19,935,260</u>	<u>(2,323,300)</u>	<u>(132,544)</u>	<u>17,479,416</u>

The Department does not have any debt related to capital assets at June 30, 2008. Depreciation expense for the Department amounted to \$8,181,955 and is considered a law enforcement expense.



**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**NOTE 7. ACCRUED SALARIES PAYABLE**

Salaries and employee benefits payable at June 30, 2008 amounted to \$2,948,347. This amount represents 100% of the total payroll paid on July 7, 2008, for the pay period ended June 27, 2008. The payable also includes an additional one day accrual for the following Monday, June 30, 2008.

**NOTE 8. DUE TO STATE GENERAL FUND (REVERSIONS)**

Unexpended and unencumbered cash balances of certain accounts revert to the State General Fund at year-end. The amounts due to the State General Fund for reversions are:

		FY 2007	FY 2008	Total
General Fund				
General Operating	12800	\$ 735,481	999,755	1,735,236
Road Fund	12800	13,491	-	13,491
Special Revenue Fund				
Advanced training	78600	<u>55,167</u>	<u>115,708</u>	<u>170,875</u>
		<u>\$ 804,139</u>	<u>1,115,463</u>	<u>1,919,602</u>

Current year reversions are calculated only for reverting accounts. Expenditures are classified based on the underlying appropriation in calculating the amount to revert.

**NOTE 9. COMPENSATED ABSENCES PAYABLE**

Employees are entitled to accumulate annual leave at a graduated rate based on years of service. A maximum of 240 hours can be carried forward at calendar year-end. The Department has recognized a liability in the Statement of Net Assets for annual leave based on current pay rates and hours accumulated at June 30, 2008. In previous years the General Fund typically was used to liquidate compensated absences.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 9. COMPENSATED ABSENCES PAYABLE (CONTINUED)**

A summary of changes in the compensated absences payable for the year ended June 30, 2008, is as follows:

	Balance June 30, 2007	Increase	(Decrease)	Balance June 30, 2008
Compensated Absences Payable				
Due within one year	\$ 2,393,488	4,188,551	4,184,131	2,397,904
Due after one year	<u>2,299,622</u>	<u>4,024,295</u>	<u>4,020,048</u>	<u>2,303,869</u>
<b>Totals</b>	<u>\$ 4,693,110</u>	<u>8,212,846</u>	<u>8,204,179</u>	<u>4,701,773</u>

**NOTE 10. LEASE COMMITMENTS**

Future minimum annual lease payments under operating lease agreements for facilities and equipment are as follows:

Year Ended June 30	Facilities
2009	\$ 536,456
2010	499,751
2011	509,267
2012	390,123
2013	274,692
Thereafter	<u>345,091</u>
<b>Total</b>	<u>\$ 2,555,380</u>

During the year ended June 30, 2008, facilities and equipment rent expense were approximately \$890,428. The Department is party to a number of equipment leases; however, all can be cancelled with 30 days notice, and therefore no long-term lease commitments exist which require disclosure on these leases.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**NOTE 11. CONTINGENT LIABILITIES AND JUDGMENTS**

The Department currently has several matters pending with either the New Mexico Human Rights Commission and/or the Federal Equal Opportunity Commission which have been filed by former and current employees. These matters include grievances alleging sexual discrimination, racial discrimination and retaliation. If these matters are ultimately litigated in court, the potential loss to the Department could be substantial should an unfavorable judgment be entered. The Department vigorously denies these claims. Management and legal counsel for the Department are unable to predict the ultimate outcome of these cases and no provision for any liability that may result has been made in the financial statements.

The Department is also involved in numerous other lawsuits for which, in most instances, insurance coverage exists through the Risk Management Division of the State of New Mexico General Services Department. Legal counsel for the Department feels that unfavorable outcomes on these cases are remote.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Department expects such amounts, if any, to be immaterial.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**NOTE 12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT  
ASSOCIATION**

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

*Funding Policy.* Plan members are required to contribute 7.42% of gross salary for regular employees, or 7.60% of gross salary for State Police commissioned officers. The Department is required to contribute 16.59% of the gross covered salary for regular employees, or 25.10% of gross covered salary for State Police commissioned officers. 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, 2008, 2007, and 2006 were \$10,534,454, \$10,527,358, and \$9,120,719, respectively, which equal the amount of the required contributions for each fiscal year.

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

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

**NOTE 13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH  
CARE PLAN (CONTINUED)**

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](http://www.nmrhca.state.nm.us).

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

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

The Department's employer and employee contributions to the RHCA for the years ended June 30, 2008, 2007, and 2006 were the following: \$634,349 and \$317,175, \$649,461 and \$324,731, \$562,558 and \$281,279, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008**

**NOTE 14. INSURANCE COVERAGE**

The Department obtains coverage through Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. These coverages are designed to satisfy the requirements of the State Tort Claims Act. All employees of the Department are covered by blanket fidelity bond up to \$5,000,000 with a \$1,000 deductible per occurrence by the State of New Mexico for the period July 1, 2007, through June 30, 2008.

Risk Management – New Mexico Regulation and Licensing is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the agency carries insurance (workers' compensation, unemployment compensation, employee liability, and transportation property) with the State of New Mexico Risk Management Division (RMD) of the General Services Department. See Note 17 for further information.

**NOTE 15. SPECIAL APPROPRIATIONS**

Special, Deficiency, and Specific appropriations during the year consisted of the following:

	Original Appropriation Balance	Short Purpose	Period	Cumulative Expenditures 6/30/08	Outstanding Encumbrances 6/30/08	Amount to be Reverted	Unencumbered Appropriations
Fund 12800- One-year General Fund Appropriations							
	\$ 50,000	Mounted Patrol Training	July 2007 to June 2008	\$ 48,326	-	1,674	-
	55,000	Hazardous Materials Training	July 2007 to June 2008	38,983	-	16,017	-
	100,000	Lea Cnty. Crime Lab	July 2007 to June 2008	95,612	-	4,388	-
	30,000	Dist. 6 Garage Equipment	July 2007 to June 2008	30,000	-	-	-
	50,000	Juvenile Crime Prevention	July 2007 to June 2008	50,000	-	-	-

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

NOTE 15. SPECIAL APPROPRIATIONS (CONTINUED)

	Original		Period	Cumulative Expenditures 6/30/08	Outstanding Encumbrances 6/30/08	Amount to be Reverted	Unencumbered Appropriations
	Appropriation Balance	Short Purpose					
Fund 12800- One-year General Fund Appropriations (Continued)							
	25,000	Before/After School Program	July 2007 to June 2008	-	-	25,000	-
	<u>\$ 1,000,000</u>	Fuel for Police Fleet	February 2008 to June 2008	<u>\$ 1,000,000</u>	-	-	-
	1,310,000			47,079			
Fund 12800- Multi-year General Fund Appropriations							
	\$1,400,000	Replace Department Vehicles	February 2008 to June 2009	\$ 1,395,732	-	-	4,268

NOTE 16. RISK MANAGEMENT

The Department, as a state agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the state of New Mexico. The Department pays annual premiums to the Risk Management Division for coverage provided in the following areas:

1. Liability and civil rights protection for claims made by others against the state of New Mexico.
2. Coverage to protect the state of New Mexico's property and assets.
3. Fringe benefit coverage's for state of New Mexico employees.

During the 2006-2007 fiscal year, the Department paid Risk Management \$4,617,533 in insurance premiums. In the fiscal year 2007-2008, the Department paid Risk Management \$4,754,340. The Department's exposure is limited to \$1,000 per any first-party incurred property loss, with the exception of theft, which has a \$5,000 deductible. After conferring with legal counsel concerning pending litigation and claims, the Department believes that the outcome of pending litigation should not have a materially adverse effect on the financial position or operations of the Department. In addition, for the years ended June 30, 2006, 2007 and 2008, the Department had no claims for which the Risk Management Division has returned as "not covered" that would become the responsibility of the Department.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
MAJOR FUNDS  
June 30, 2008**

*General Fund (SHARE Fund No. 12800).* To account for all resources traditionally associated with governments which are not required to be accounted for in another fund.

*Local Law Enforcement Program Fund (SHARE Fund No. 69600).* The Local Law Enforcement Program Fund was established to account for Local Law Enforcement Block Grant monies received from the United States Department of Justice. The funds received are not for reimbursed expenditures, but rather are block grant advanced funds. This fund was established solely to earn interest on the investment of the funds. As the block grant funds are needed, the appropriate amount is transferred to the general fund (Fund 128) (The fund is included as part of the Department's General Fund).

*Executive Order Fund (State Disaster Funds) (SHARE Fund No. 85500).* The Executive Order Fund (State Disaster Funds) was established in accordance with Section 6-7-3 NMSA 1978 Compilation to account for funds designated for use in disaster assistance. Funds are utilized in rendering aid in emergency situations. This fund was transferred to the Department of Homeland Security as of 7/1/07 and is presented in FY08 only to show the related transfer out. Consequently, no budget has been presented for this fund for FY08.

*Federal Forfeitures Fund – State Police (SHARE Fund No. 34300).* The Federal Forfeitures Funds were established in accordance with the authority found in U.S.C. s 881 (e) (1) (a), 18. U.S.C. s 981 (e) and 19 U.S.C. s 1616 to account for the proportionate share of funds received from federal property seizures. Procedures are to be used in accordance with guidelines established in *Asset Forfeiture and Equitable Sharing: An Update*, therefore funds are non-reverting.

*Capital Projects Funds (SHARE Fund No. 09000).* The Capital Projects Funds are used to account for major capital expenditures. The Capital Projects Fund was initially established in accordance with Chapter 7, Section 14, Laws of 1998, to account for funds received from the issuance of Severance Tax Bonds in the amount of \$20,000 to purchase and install communications technology for the town of Mesilla in Dona Ana County. It is now used for other capital projects. It is funded by state appropriations used for buildings and other projects.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
BALANCE SHEET - ALL ACCOUNTS  
MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND  
June 30, 2008

	General Fund		Total
	General Fund Account	Local Law Enforcement Account	
<b>ASSETS</b>			
Interest in State Treasurer General Fund Investment Pool	\$ -	9,503	9,503
Cash in banks	81,162	-	81,162
Cash on hand	14,151	-	14,151
Federal grants receivable	6,796,553	-	6,796,553
Trade Receivables	82,366	-	82,366
Due from other funds	6,708,121	-	6,708,121
Due from other agencies	528,125	-	528,125
Due from local government	-	-	-
Supplies inventory	11,246	-	11,246
Prepaid postage	7,020	-	7,020
<b>Total assets</b>	<b>\$ 14,228,744</b>	<b>9,503</b>	<b>14,238,247</b>
<b>LIABILITIES</b>			
Accounts payable	4,954,670	-	4,954,670
Accrued salaries payable	2,948,347	-	2,948,347
Due to State Treasurer's Office	3,141,675	-	3,141,675
Deferred revenue	-	9,503	9,503
Due to other federal agencies	-	-	-
Due to other agencies	13,492	-	13,492
Due to local government	12,117	-	12,117
Due to the State General Fund	1,748,727	-	1,748,727
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>12,819,028</b>	<b>9,503</b>	<b>12,828,531</b>
<b>FUND BALANCE</b>			
Reserved			
Reserved for petty cash and change funds	14,151	-	14,151
Reserved for inventories	11,246	-	11,246
Reserved for postage	7,020	-	7,020
Reserved for undercover operations	-	-	-
Reserved for special appropriations	-	-	-
Reserved for encumbrances - special appropriations	-	-	-
Unreserved, undesignated	1,377,299	-	1,377,299
<b>Total fund balance</b>	<b>1,409,716</b>	<b>-</b>	<b>1,409,716</b>
<b>Total liabilities and fund balance</b>	<b>\$ 14,228,744</b>	<b>9,503</b>	<b>14,238,247</b>

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - ALL ACCOUNTS  
MAJOR GOVERNMENTAL FUNDS  
GENERAL FUND  
Year Ended June 30, 2008

	General Fund		Total
	General Fund Account	Local Law Enforcement Account	
Revenues			
Federal grants	\$ 8,778,277	-	8,778,277
Other fees	2,153,029	-	2,153,029
Other intra-state services	-	-	-
Proceeds from sale of property	495,422	-	495,422
Pass-through from other state agencies	-	-	-
<b>Total revenues</b>	<b>11,426,728</b>	<b>-</b>	<b>11,426,728</b>
Expenditures			
Public safety			
Current			
Personal services and employee benefits	83,965,506	-	83,965,506
Contractual services	2,597,832	-	2,597,832
Other costs	25,388,687	-	25,388,687
Capital outlay	3,549,487	-	3,549,487
<b>Total expenditures</b>	<b>115,501,512</b>	<b>-</b>	<b>115,501,512</b>
Excess (deficiency) of revenues over expenditures	(104,074,784)	-	(104,074,784)
Other financing sources (uses)			
State General Fund appropriations	91,515,600	-	91,515,600
State Road Fund appropriations	6,000,000	-	6,000,000
Reversions to State General Fund	(999,755)	-	(999,755)
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Interagency Transfer In	3,197,702	-	3,197,702
Interfund Transfer In	1,178,273	-	1,178,273
Interagency Transfers Out	(2,486,879)	-	(2,486,879)
<b>Total other financing sources (uses)</b>	<b>98,404,941</b>	<b>-</b>	<b>98,404,941</b>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(5,669,843)	-	(5,669,843)
Fund balance, beginning	7,079,559	-	7,079,559
<b>Fund balance, ending</b>	<b>\$ 1,409,716</b>	<b>-</b>	<b>1,409,716</b>

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND ACCOUNTS  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
PUBLIC SAFETY PROGRAM SUPPORT - FUND 128, P503  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 15,350,500	15,350,500	15,350,500	-
Federal funds	8,467,700	8,467,700	3,141,756	5,325,944
Other state funds	1,231,400	1,231,400	1,854,328	( 622,928 )
Other financing sources	361,400	361,400	107,097	254,303
Reversion to State General Fund	-	-	( 573,661 )	573,661
<b>Total revenues</b>			<u>\$ 19,880,020</u>	<u>5,530,980</u>
Prior year cash budgeted	<u>-</u>	<u>-</u>		
<b>Total budgeted revenues</b>	<u>\$ 25,411,000</u>	<u>25,411,000</u>		
<b>Expenditures</b>				
Personal services & benefits	\$ 13,372,500	13,372,500	12,476,244	896,256
Contract services	851,800	461,800	226,057	235,743
Other	11,186,700	11,576,700	6,542,209	5,034,491
Other financing uses	-	-	2,378,509	( 2,378,509 )
<b>Total budgeted expenditures</b>	<u>\$ 25,411,000</u>	<u>25,411,000</u>	<u>21,623,019</u>	<u>3,787,981</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (1,742,999)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND ACCOUNTS  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
LAW ENFORCEMENT PROGRAM - FUND 128, P504  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 76,452,800	76,452,800	73,455,100	2,997,700
Other appropriations	6,127,600	6,127,600	6,000,000	127,600
Federal funds	10,459,200	13,136,700	5,636,521	7,500,179
Other state funds	3,103,900	3,253,900	794,123	2,459,777
Other financing sources	1,011,800	2,461,719	4,268,878	( 1,807,159 )
Reversions to State General Fund	-	-	( 357,128 )	357,128
<b>Total revenues</b>			<u>\$ 89,797,494</u>	<u>11,635,225</u>
Prior year cash budgeted	-	-		
<b>Total budgeted revenues</b>	<u>\$ 97,155,300</u>	<u>101,432,719</u>		
Expenditures				
Personal services & benefits	\$ 74,897,200	76,374,610	71,489,262	4,885,348
Contract services	2,363,300	2,444,450	1,404,353	1,040,097
Other	19,854,800	22,573,659	19,294,944	3,278,715
Other financing uses	40,000	40,000	-	40,000
<b>Total budgeted expenditures</b>	<u>\$ 97,155,300</u>	<u>101,432,719</u>	<u>92,188,559</u>	<u>9,244,160</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (2,391,065)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND ACCOUNTS  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
SPECIAL ONE-YEAR APPROPRIATION - FUND 128  
MOUNTED PATROL, HAZ MAT TRAINING, CRIME LAB,  
D-6 GARAGE EQUIPMENT, JUVENILE CRIME PREVENTION,  
BEFORE/AFTER SCHOOL PROGRAMS, AND FUEL  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 1,310,000	1,310,000	1,310,000	-
Other appropriation - Road Fund	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Reversions to State	-	-	(47,079)	(47,079)
<b>Total revenues</b>			<u>\$ 1,262,921</u>	<u>-</u>
Prior year cash budgeted	<u>-</u>	<u>-</u>		
<b>Total budgeted revenues</b>	<u>\$ 1,310,000</u>	<u>\$ 1,310,000</u>		
<b>Expenditures</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	1,310,000	1,310,000	1,262,921	47,079
Other financing uses	-	-	-	-
<b>Total budgeted expenditures</b>	<u>\$ 1,310,000</u>	<u>1,310,000</u>	<u>1,262,921</u>	<u>47,079</u>
Excess (deficiency) of revenue over expenditures			<u>\$ -</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
SPECIAL MULTI-YEAR APPROPRIATIONS 10724-70188, FUND 128  
NEW MEXICO STATE POLICE RE-WIRE  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ -	-	-	-
Other appropriation - Road Fund	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
<b>Total revenues</b>			<u>\$ -</u>	<u>-</u>
Prior year cash budgeted	<u>850.000</u>	<u>850.000</u>		
<b>Total budgeted revenues</b>	<u>\$ 850.000</u>	<u>\$ 850.000</u>		
<b>Expenditures</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	645.000	645,000	382.432	262,568
Other	205.000	205,000	196.807	8.193
Other financing uses	-	-	-	-
<b>Total budgeted expenditures</b>	<u>\$ 850.000</u>	<u>850.000</u>	<u>579.239</u>	<u>270.761</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (579.239)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
SPECIAL MULTI-YEAR APPROPRIATIONS 10724-70189, FUND 128  
CRIME LAB  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	-	-	-
Other appropriation - Road Fund	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Reversions to State	-	-	( 9,491 )	( 9,491 )
Total revenues			<u>( 9,491 )</u>	<u>( 9,491 )</u>
Prior year cash budgeted	<u>131,800</u>	<u>131,800</u>		
Total budgeted revenues	<u>\$ 131,800</u>	<u>\$ 131,800</u>		
Expenditures				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	131,800	131,800	122,309	9,491
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 131,800</u>	<u>131,800</u>	<u>122,309</u>	<u>9,491</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (131,800)</u>	



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
SPECIAL MULTI-YEAR APPROPRIATIONS 10724-70190, FUND 128  
IT SUPPORT  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	-	-	-
Other appropriation - Road Fund	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	-	-	<u>\$ -</u>	-
Prior year cash budgeted	<u>128,055</u>	<u>128,055</u>		
Total budgeted revenues	<u>\$ 128,055</u>	<u>\$ 128,055</u>		
Expenditures				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	19,685	19,685	19,685	-
Other financing uses	108,370	108,370	108,370	-
Total budgeted expenditures	<u>\$ 128,055</u>	<u>128,055</u>	<u>128,055</u>	-
Excess (deficiency) of revenue over expenditures			<u>\$ (128,055)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
SPECIAL MULTI-YEAR APPROPRIATIONS 10724-70728  
AFIS  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ -	-	-	-
Other appropriation - Road Fund	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	-	-	<u>\$ -</u>	-
Prior year cash budgeted	<u>2,679,438</u>	<u>2,679,438</u>		
Total budgeted revenues	<u>\$ 2,679,438</u>	<u>2,679,438</u>		
<b>Expenditures</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	2,679,438	2,679,438	514,200	2,165,238
Other	-	-	-	-
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 2,679,438</u>	<u>2,679,438</u>	<u>514,200</u>	<u>2,165,238</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (514,200)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
SPECIAL MULTI-YEAR APPROPRIATIONS 10724-70729, FUND 128  
STATE POLICE CAD  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	-	-	-
Other appropriation - Road Fund	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Reversions to State	-	-	(12,396)	(12,396)
Total revenues	-	-	<u>(12,396)</u>	<u>(12,396)</u>
Prior year cash budgeted	<u>115,963</u>	<u>115,963</u>		
Total budgeted revenues	<u>\$ 115,963</u>	<u>115,963</u>		
Expenditures				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	115,963	115,963	103,567	12,396
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 115,963</u>	<u>115,963</u>	<u>103,567</u>	<u>12,396</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (115,963)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
SPECIAL MULTI-YEAR APPROPRIATIONS Z80191, FUND 128  
VEHICLE REPLACEMENT  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 1,400,000	1,400,000	1,400,000	-
Other appropriation - Road Fund	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	-	-	<u>\$ 1,400,000</u>	<u>-</u>
Prior year cash budgeted	-	-		
Total budgeted revenues	<u>\$ 1,400,000</u>	<u>1,400,000</u>		
<b>Expenditures</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	1,400,000	1,400,000	1,395,732	4,268
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 1,400,000</u>	<u>1,400,000</u>	<u>1,395,732</u>	<u>4,268</u>
Excess (deficiency) of revenue over expenditures			<u>\$ 4,268</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
SPECIAL MULTI-YEAR APPROPRIATIONS 90724, FUND 128  
ITD REPLACE NMLETS  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 200,000	200,000	-	(200,000)
Other appropriation - Road Fund	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	-	-	<u>\$ -</u>	<u>(200,000)</u>
Prior year cash budgeted	-	-		
Total budgeted revenues	<u>\$ 200,000</u>	<u>200,000</u>		
<b>Expenditures</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	200,000	200,000	70.790	129.210
Other	-	-	-	-
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 200,000</u>	<u>200,000</u>	<u>70.790</u>	<u>129.210</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (70.790)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 CAPITAL PROJECTS FUND  
Year Ended June 30, 2008

	Original Basis	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 655,000	655,000	5,000	650,000
Other state funds	140,100	140,100	<u>183,069</u>	<u>( 42,969 )</u>
<b>Total revenues</b>			<u>\$ 188,069</u>	<u>607,031</u>
Prior year cash budgeted	<u>2,949,115</u>	<u>2,949,115</u>		
<b>Total budgeted revenues</b>	<u>\$ 3,744,215</u>	<u>\$ 3,744,215</u>		
Expenditures				
Contractual services	\$ -	-	180,787	( 180,787 )
Other financing uses	7,500	7,500	-	7,500
Other	<u>3,736,715</u>	<u>3,736,715</u>	<u>2,632,178</u>	<u>1,104,537</u>
<b>Total budgeted expenditures</b>	<u>3,744,215</u>	<u>3,744,215</u>	<u>2,812,965</u>	<u>931,250</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (2,624,896)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 DPS VEHICLES  
Year Ended June 30, 2008

	Original Basis	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ -	-	-	-
<b>Total revenues</b>			<u>\$ -</u>	<u>-</u>
Prior year cash budgeted	<u>1,000,000</u>	<u>1,000,000</u>		
<b>Total budgeted revenues</b>	<u>\$ 1,000,000</u>	<u>1,000,000</u>		
Expenditures				
Other	<u>\$ 1,000,000</u>	<u>1,000,000</u>	<u>999,448</u>	<u>552</u>
<b>Total budgeted expenditures</b>	<u>1,000,000</u>	<u>1,000,000</u>	<u>999,448</u>	<u>552</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (999,448)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 LORDSBURG PORT OF ENTRY  
Year Ended June 30, 2008

	Original Basis	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ -	-	-	-
<b>Total revenues</b>			<u>\$ -</u>	<u>-</u>
Prior year cash budgeted	<u>499,115</u>	<u>499,115</u>		
<b>Total budgeted revenues</b>	<u>\$ 499,115</u>	<u>\$ 499,115</u>		
Expenditures				
Contractual services	\$ -	-	-	-
Other	491,615	491,615	180,787	310,828
Other financing uses	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
<b>Total budgeted expenditures</b>	<u>499,115</u>	<u>499,115</u>	<u>180,787</u>	<u>318,328</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (180,787)</u>	



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 HELICOPTER  
Year Ended June 30, 2008

	Original Basis	Amended Budget	Actual	Variance Favorable (Unfavorable)
Other state funds-STB	\$ 140,100	140,100	<u>133,069</u>	7,031
<b>Total revenues</b>			<u>\$ 133,069</u>	<u>7,031</u>
Prior year cash budgeted	<u>-</u>	<u>-</u>		
<b>Total budgeted revenues</b>	<u>\$ 140,100</u>	<u>\$ 140,100</u>		
Expenditures				
Other	<u>\$ 140,100</u>	<u>140,100</u>	<u>133,069</u>	<u>7,031</u>
<b>Total budgeted expenditures</b>	<u>140,100</u>	<u>140,100</u>	<u>133,069</u>	<u>7,031</u>
Excess (deficiency) of revenue over expenditures			<u>\$ -</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 DPS RADIO EMERGENCY NETWORK  
Year Ended June 30, 2008

	Original Basis	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues			<u>\$ -</u>	<u>-</u>
<b>Total revenues</b>			<u>\$ -</u>	<u>-</u>
Prior year cash budgeted	<u>\$ -</u>	<u>-</u>		
<b>Total budgeted revenues</b>	<u>\$ -</u>	<u>-</u>		
Expenditures				
Other	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total budgeted expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures			<u>\$ -</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 NMSP SCUBA DIVING EQUIPMENT  
Year Ended June 30, 2008

	Original Basis	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ -	-	-	-
<b>Total revenues</b>			<u>\$ -</u>	<u>-</u>
Prior year cash budgeted	<u>-</u>	<u>-</u>		
<b>Total budgeted revenues</b>	<u>\$ -</u>	<u>-</u>		
 Expenditures				
Other	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total budgeted expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures			<u>\$ -</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 STATE POLICE AIRCRAFT REPLACEMENT  
Year Ended June 30, 2008

	Original Basis	Amended Budget	Actual	Variance Favorable (Unfavorable)
General Fund Appropriation	\$ -	-	-	-
<b>Total revenues</b>			<u>\$ -</u>	<u>-</u>
Prior year cash budgeted	<u>1,200.000</u>	<u>1,200.000</u>		
<b>Total budgeted revenues</b>	<u>\$ 1,200.000</u>	<u>1,200.000</u>		
Expenditures				
Other	<u>\$ 1,200.000</u>	<u>1,200.000</u>	<u>1,200.000</u>	<u>-</u>
<b>Total budgeted expenditures</b>	<u>1,200.000</u>	<u>1,200.000</u>	<u>1,200.000</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (1,200.000)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 NM STATE POLICE DEFIBRILLATOR  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
General Fund Appropriation	\$ -	-	-	-
<b>Total revenues</b>			<u>\$ -</u>	<u>-</u>
Prior year cash budgeted	<u>250,000</u>	<u>250,000</u>		
<b>Total budgeted revenues</b>	<u>\$ 250,000</u>	<u>250,000</u>		
Expenditures				
Other	<u>\$ 250,000</u>	<u>250,000</u>	<u>249,660</u>	<u>340</u>
<b>Total budgeted expenditures</b>	<u>250,000</u>	<u>250,000</u>	<u>249,660</u>	<u>340</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (249,660)</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 EQUIP NMSP D-6 GARAGE  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
General Fund Appropriation	\$ 50,000	50,000	<u>50,000</u>	-
<b>Total revenues</b>			<u><u>\$ 50,000</u></u>	-
Prior year cash budgeted	<u>-</u>	<u>-</u>		
<b>Total budgeted revenues</b>	<u><u>\$ 50,000</u></u>	<u><u>50,000</u></u>		
Expenditures				
Other	<u>\$ 50,000</u>	<u>50,000</u>	<u>50,000</u>	-
<b>Total budgeted expenditures</b>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	-
Excess (deficiency) of revenue over expenditures			<u><u>\$ -</u></u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 MTD RADIOACTIVE NUCLEAR EQUIPMENT  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
General Fund Appropriation	\$ 600,000	600,000	-	600,000
<b>Total revenues</b>			<u>\$ -</u>	<u>600,000</u>
Prior year cash budgeted	<u>-</u>	<u>-</u>		
<b>Total budgeted revenues</b>	<u>\$ 600,000</u>	<u>600,000</u>		
Expenditures				
Other	<u>\$ 600,000</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>
<b>Total budgeted expenditures</b>	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Excess (deficiency) of revenue over expenditures			<u>\$ -</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FUND 090 NEW MEXICO MOUNTED PATROL  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
General Fund Appropriation	\$ 5,000	5,000	5,000	-
<b>Total revenues</b>			<u>\$ 5,000</u>	<u>-</u>
Prior year cash budgeted	-	-		
<b>Total budgeted revenues</b>	<u>\$ 5,000</u>	<u>5,000</u>		
Expenditures				
Other	\$ 5,000	5,000	-	5,000
<b>Total budgeted expenditures</b>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) of revenue over expenditures			<u>\$ 5,000</u>	



**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NON-MAJOR FUNDS  
SPECIAL REVENUE FUNDS  
June 30, 2008**

*State Chemist Fees Fund (SHARE Fund No. 27200).* The State Chemist Fees Fund was established in accordance with a New Mexico Department of Finance and Administration directive to account for substance abuse fees collected and expended for the administration of certain Department of Public Safety programs related to controlled substances. As indicated in Section 31-12-8 NMSA, 1978 Compilation a person convicted of a violation of the provision of the Controlled Substances Act or a person convicted of distribution or possession of a controlled substance pursuant to municipal ordinance shall be assessed a fee to defray the cost of chemical and other analysis of controlled substances. Any unexpended, unencumbered cash balance remaining at the end of each fiscal year does not revert and is reserved for subsequent year's expenditures.

*Forfeitures (CSA) Fund (SHARE Fund No. 34200).* The CSA Forfeitures Fund was established in accordance with Section 30-31-35, NMSA 1978 Compilation to account for property forfeited under the *Controlled Substance Act*. The funds received are to be utilized by the Law Enforcement Agency in the enforcement of the Act; therefore funds are non-reverting.

*Orphan Materials Recovery Fund (SHARE Fund No. 67000).* The Orphan Materials Recovery Fund was established in accordance with Section 74-4B-13, NMSA 1978 Compilation to account for contracting for the disposal of orphan hazardous materials held in the possession of the Department and identified by state emergency response officers. All funds remaining in the Orphan Material Recovery Fund at the end of the fiscal year shall remain in that fund; therefore funds are non-reverting.

*Law Enforcement Advanced Training Fund (SHARE Fund No. 78600).* The Law Enforcement Training Fund was established in accordance with Section 29-7-4B-13, NMSA 1978 Compilation to account for funds obtained in administering special training programs. The funds are utilized to contract special training programs by specialized instructors. Any unexpended, unencumbered cash balance reverts to the State General Fund at the end of each fiscal year.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NON-MAJOR FUNDS  
SPECIAL REVENUE FUNDS (CONTINUED)  
June 30, 2008**

*Federal Forfeitures Fund - Motor Transportation (SHARE Fund No. 90800).* The Federal Forfeitures Funds were established in accordance with the authority found in 21 U.S.C. s 881 (e) (1) (A), 18. U.S.C. s 981 (e) and 19 U.S.C. s 1616 to account for the proportionate share of funds received from federal property seizures. Procedures are to be used in accordance with guidelines established in *Asset Forfeiture and Equitable Sharing: An Update*, therefore funds are non-reverting. There is no budget established by law for this fund.

*Crime Stoppers Reward Fund (SHARE Fund No. 89400).* The Crime Stoppers Reward Fund was established in accordance with a New Mexico Department of Finance and Administration directive to account for contributions (gifts, bequests or court-ordered amounts) to the Crime Stoppers program and expenditures from the program. The fund is a non-DFA vouchering fund. A duly authorized bank account (Bank of America, Acct. #0001 2422 9485) is used to deposit receipts and to disburse expenditures. There is no budget established by law for this fund.

*Concealed Handgun Carry Fund (SHARE Fund No. 59400).* The Concealed Handgun Carry Fund was established in the Laws of 2001, Chapter 29, Article 18, to carry out the provisions of the Concealed Handgun Carry Act. Balances remaining at the end of any fiscal year shall not revert to the State General Fund and may be used to maintain the state's criminal history database.

*Special Donations Fund (SHARE Fund No. 88200).* The Special Donations Fund was established in accordance with the New Mexico Department of Finance and Administration directive to account for contributions (gifts, bequests, or court-ordered amounts). The fund is budgeted and is a DFA vouchering fund. The use of funds are specified by the donor and are non reverting. There is no budget established by law for this fund.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2008

	Special Revenue Funds		
	State Chemist Fees	CSA Forfeitures	Orphan Material Recovery
<b>ASSETS</b>			
Interest in State Treasurer General Fund Investment Pool	\$ 1,309,264	846,080	31,448
Cash in banks	-	-	-
Cash on hand	-	-	-
Due from other funds	-	-	-
Due from other state agencies	80,149	-	-
Due from federal government	-	-	-
Due from local government	-	-	-
<b>Total assets</b>	<b>\$ 1,389,413</b>	<b>846,080</b>	<b>31,448</b>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities			
Accounts payable	\$ -	-	-
Due to other funds	366,827	582,507	6,226
Due to state general fund	-	-	-
<b>Total liabilities</b>	<b>366,827</b>	<b>582,507</b>	<b>6,226</b>
Fund Balances			
Unreserved, undesignated, reported in Special Revenue Funds	1,022,586	263,573	25,222
<b>Total fund balances</b>	<b>1,022,586</b>	<b>263,573</b>	<b>25,222</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,389,413</b>	<b>846,080</b>	<b>31,448</b>

	Special Revenue Funds					Total
Law Enforce. Advanced Training	Federal Forfeitures MTD	Crime Stoppers Rewards	Concealed Handgun Carry	Special Donations	Non-Major Governmental Funds	
\$ 606,505	-	23,536	915,298	121,635		3,853,766
-	-	-	-	-		-
-	-	-	-	-		-
-	-	-	4,406	-		4,406
7,425	-	-	-	-		87,574
-	-	-	-	-		-
22,965	-	-	-	-		22,965
<hr/>						
\$ 636,895	-	23,536	919,704	121,635		3,968,711
<hr/>						
\$ 400	-	-	-	-		400
465,620	-	-	48,700	-		1,469,880
170,875	-	-	-	-		170,875
<hr/>						
636,895	-	-	48,700	-		1,641,155
<hr/>						
-	-	23,536	871,004	121,635		2,327,556
<hr/>						
-	-	23,536	871,004	121,635		2,327,556
<hr/>						
\$ 636,895	-	23,536	919,704	121,635		3,968,711
<hr/>						

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
June 30, 2008

	Special Revenue Funds		
	State Chemist Fees	CSA Forfeitures	Orphan Material Recovery
Revenues			
Other state funds			
Chemist fees	\$ 301.881	-	-
Admissions	-	-	-
Forfeitures	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>301.881</b>	<b>-</b>	<b>-</b>
Expenditures			
Public safety	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	301.881	-	-
Other financing sources (uses)			
State General Fund appropriation	-	-	-
Reversion to state general fund	-	-	-
Other sources	-	-	-
Interfund Transfers Out	(107.099)	(139.679)	-
<b>Total other financing sources (uses)</b>	<b>(107.099)</b>	<b>(139.679)</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	194.782	(139.679)	-
Fund balance beginning	827.804	403,252	25,222
<b>Fund balance, ending</b>	<b>\$ 1,022,586</b>	<b>263,573</b>	<b>25,222</b>

	Special Revenue Funds					Total
	Law Enforce. Advanced Training	Federal Forfeitures MTD	Crime Stoppers Rewards	Concealed Handgun Carry	Special Donations	Non-Major Governmental Funds
\$	-	-	-	-	-	301,881
	202,497	-	-	-	-	202,497
	-	-	-	-	-	-
	-	-	212	247,772	-	247,984
	202,497	-	212	247,772	-	752,362
	-	-	-	-	-	-
	-	-	-	-	-	-
	202,497	-	212	247,772	-	752,362
	-	-	-	-	-	-
	(115,708)	-	-	-	-	(115,708)
	-	-	-	-	-	-
	(86,789)	-	-	(5,682)	-	(339,249)
	(202,497)	-	-	(5,682)	-	(454,957)
	-	-	212	242,090	-	297,405
	-	-	23,324	628,914	121,635	2,030,151
\$	-	-	23,536	871,004	121,635	2,327,556

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS) -  
STATE CHEMIST FEES  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 331,400	331,400	301,881	29,519
<b>Total revenues</b>			<u>\$ 301,881</u>	<u>29,519</u>
Prior year cash budgeted	-	-		
<b>Total budgeted revenues</b>	<u>\$ 331,400</u>	<u>331,400</u>		
Expenditures				
Other financing uses	\$ 331,400	331,400	107,099	224,301
<b>Total budgeted expenditures</b>	<u>331,400</u>	<u>331,400</u>	<u>107,099</u>	<u>224,301</u>
Excess (deficiency) of revenue over expenditures			<u>\$ 194,782</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS) -  
CSA FORFEITURES  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ -	-	-	-
<b>Total revenues</b>			<u>\$ -</u>	<u>-</u>
Prior year cash budgeted	<u>280,000</u>	<u>280,000</u>		
<b>Total budgeted revenues</b>	<u>\$ 280,000</u>	<u>280,000</u>		
Expenditures				
Other financing uses	\$ 280,000	280,000	139,679	140,321
<b>Total budgeted expenditures</b>	<u>\$ 280,000</u>	<u>280,000</u>	<u>139,679</u>	<u>140,321</u>
Excess (deficiency) of revenue over expenditures			<u>\$ (139,679)</u>	



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS) -  
CONCEALED HANDGUN CARRY FUND  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 173,100	173,100	<u>247,772</u>	<u>74,672</u>
<b>Total budgeted revenues</b>			<u>\$ 247,772</u>	<u>74,672</u>
Prior year cash budgeted	<u>-</u>	<u>-</u>		
<b>Total budgeted revenues</b>	<u>\$ 173,100</u>	<u>173,100</u>		
Expenditures				
Other financing uses	\$ 173,100	173,100	<u>5,682</u>	<u>167,418</u>
<b>Total budgeted expenditures</b>	<u>\$ 173,100</u>	<u>173,100</u>	<u>5,682</u>	<u>167,418</u>
Excess (deficiency) of revenue over expenditures			<u>\$ 242,090</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS) -  
ORPHAN MATERIALS RECOVERY  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ -	-	-	-
<b>Total budgeted revenues</b>			<u>\$ -</u>	<u>-</u>
Prior year cash budgeted	<u>20,000</u>	<u>20,000</u>		
<b>Total budgeted revenues</b>	<u>\$ 20,000</u>	<u>20,000</u>		
Expenditures				
Other financing uses	\$ 20,000	20,000	-	20,000
<b>Total budgeted expenditures</b>	<u>\$ 20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of revenue over expenditures			<u>\$ -</u>	

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (BUDGETARY BASIS) -  
LAW ENFORCEMENT ADVANCED TRAINING FUND  
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 299,700	299,700	202,588	( 97,112 )
Reversion to State General Fund	-	-	( 115,708 )	( 115,708 )
<b>Total revenues</b>			<u>\$ 86,880</u>	<u>( 212,820 )</u>
Prior year cash budgeted	-	-		
<b>Total budgeted revenues</b>	<u>\$ 299,700</u>	<u>299,700</u>		
Expenditures				
Other financing uses	\$ 299,700	299,700	86,880	212,820
<b>Total budgeted expenditures</b>	<u>\$ 299,700</u>	<u>299,700</u>	<u>86,880</u>	<u>212,820</u>
Excess (deficiency) of revenue over expenditures			<u>\$ -</u>	

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
NON-MAJOR FUNDS  
FIDUCIARY FUNDS  
June 30, 2008**

**Agency Funds**

*DNA Fund (SHARE Fund 40200).* The DNA Identification System Fund was established pursuant to the DNA Identification Act, Laws of 1997, Chapter 105, effective July 1, 1997. It is used to collect fees of \$100 from convicted felons. Fees are used by New Mexico correctional facilities for blood tests which establish a DNA Identification System in the state.

*Evidence Fund (SHARE Fund 66300).* The Evidence Fund is used to account for monies confiscated during the normal course of police operations. Disposition of evidence is by Court order. Property awarded to the State is sold at auction and funds are deposited in the Evidence Fund and appropriated through the Legislature within the Department's operating fund. No value is assigned to evidence until it is sold. Some evidence is destroyed after it is no longer needed as evidence.

*Peace Officers' Survival Fund (SHARE 34600).* The Peace Officers' Survival Fund was established in accordance with Section 29-4 NMSA, 1978 Compilation to account for monies held as supplemental death benefits to the spouses and surviving children of New Mexico peace officers killed in the line of duty on or after April 5, 1995. A review committee consisting of the New Mexico Attorney General, State Police Chief and State President of the Fraternal Order of Police determine eligibility. For the June 30, 2008 financial statements, the Peace Officers' Survival Fund is presented as an agency fund based on the nature of the fund.

*Governmental Gross Receipts Tax Fund (SHARE Fund 78700).* The Governmental Gross Receipts Tax Fund is used to account for taxes collected on the sale of tangible personal property from facilities open to the general public. The monies are held for and are payable to the State of New Mexico Taxation and Revenue Department.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
STATEMENT OF FIDUCIARY ASSETS  
AND LIABILITIES-AGENCY FUNDS  
June 30, 2008

	DNA Fund	Evidence Fund	Peace Officers Fund	Governmental Gross Receipts Tax Fund	Total
<b>ASSETS</b>					
Interest in State Treasurer General Fund Investment Pool	\$ 101,570	172,564	115,935	-	390,069
Due from other state agencies	100,000	-	674	-	100,674
<b>Total assets</b>	<b>\$ 201,570</b>	<b>172,564</b>	<b>116,609</b>	<b>-</b>	<b>490,743</b>
<b>LIABILITIES</b>					
Assets held for others	201,570	172,564	116,609	-	490,743
<b>Total liabilities</b>	<b>\$ 201,570</b>	<b>172,564</b>	<b>116,609</b>	<b>-</b>	<b>490,743</b>

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
AND LIABILITIES-AGENCY FUNDS (CONTINUED)  
June 30, 2008

	Balance June 30, 2007	Additions	(Deductions)	Balance June 30, 2008
<b>DNA Fund (402000)</b>				
<b>ASSETS</b>				
Interest in State Treasurer General Fund Investment Pool	\$ 123,232	278,338	(300,000)	101,570
Due from other funds	100,000	-	-	100,000
	<u>\$ 223,232</u>	<u>278,338</u>	<u>(300,000)</u>	<u>201,570</u>
<b>LIABILITIES</b>				
Assets held for others	<u>\$ 223,232</u>	<u>278,338</u>	<u>(300,000)</u>	<u>201,570</u>
<b>Evidence Fund (663000)</b>				
<b>ASSETS</b>				
Interest in State Treasurer General Fund Investment Pool	\$ 141,301	65,372	(34,109)	172,564
<b>LIABILITIES</b>				
Assets held for others	<u>\$ 141,301</u>	<u>65,372</u>	<u>(34,109)</u>	<u>172,564</u>
<b>Peace Officers' Fund (346000)</b>				
<b>ASSETS</b>				
Interest in State Treasurer General Fund Investment Pool	\$ 313,600	302,335	(500,000)	115,935
Due from other funds	8,334	674	(8,334)	674
	<u>\$ 321,934</u>	<u>303,009</u>	<u>(508,334)</u>	<u>116,609</u>
<b>LIABILITIES</b>				
Assets held for others	<u>\$ 321,934</u>	<u>303,009</u>	<u>(508,334)</u>	<u>116,609</u>
<b>Governmental Gross Receipts Tax Fund (787000)</b>				
<b>ASSETS</b>				
Interest in State Treasurer General Fund Investment Pool	\$ -	-	-	-
Due from other funds	-	-	-	-
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Assets held for others	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Agency Funds</b>				
<b>ASSETS</b>				
Interest in State Treasurer General Fund Investment Pool	\$ 578,133	646,045	(834,109)	390,069
Due from other funds	108,334	674	( 8,334 )	100,674
	<u>686,467</u>	<u>646,719</u>	<u>( 842,443 )</u>	<u>490,743</u>
<b>LIABILITIES</b>				
Assets held for others	<u>\$ 686,467</u>	<u>646,719</u>	<u>(842,443)</u>	<u>490,743</u>

**SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF CASH  
June 30, 2008

Name of Depositor	Account Name	SHARE Fund No.	Type of Account	Interest Bearing	Bank Balance at June 30, 2008	Reconciled Balance at June 30, 2008
<b>Governmental Fund Types</b>						
<b>General Fund</b>						
New Mexico State Treasurer	Department of Public Safety	128000	State Treasury	No	\$ (3,141,675)	\$ (3,141,675)
New Mexico State Treasurer	Local Law Enforcement Block Grant	696000	State Treasury	No	9,503	9,503
Wells Fargo Bank	Contingency Fund Account	128000	Checking	No	10,257	10,257
	SID Regular Contingency	128000	Cash on Hand	N/A	2,417	2,417
	SID Mobile Strike	128000	Cash on Hand	N/A	1,382	1,382
	SID - DOH Cigarette/Tobacco	128000	Cash on Hand	N/A	4,380	4,380
Wells Fargo Bank	SID Contingency Fund Account	128000	Checking	No	1,987	153
	Petty Cash and Change Funds	128000	Cash on Hand	N/A	14,151	14,151
<b>Total General Fund Cash</b>					<b>(3,097,598)</b>	<b>(3,099,431)</b>
<b>Special Revenue Funds</b>						
New Mexico State Treasurer	Forfeitures CSA	342000	State Treasury	No	846,080	846,080
New Mexico State Treasurer	Federal Forfeitures	343000	State Treasury	No	7,527,982	7,527,983
New Mexico State Treasurer	Orphan Material Recovery	670000	State Treasury	No	31,448	31,448
New Mexico State Treasurer	Law Enforcement Training	786000	State Treasury	No	606,506	606,506
New Mexico State Treasurer	Executive Orders-St. Disasters	855000	State Treasury	No	6,599,561	6,599,561
New Mexico State Treasurer	Concealed Handgun Carry Fund	594000	State Treasury	No	915,297	915,297
New Mexico State Treasurer	State Chemist Fees	272000	State Treasury	No	1,309,264	1,309,264
Bank of America	Crime Stoppers Rewards	894000	Checking	No	23,536	23,536
	Cash with Undercover Agents-Narc.	342000	Cash on hand	N/A	-	-
	Cash in Vault-Federal Forfeitures	343000	Cash on hand	N/A	100,000	100,000
New Mexico State Treasurer	Special Donations	882000	State Treasury	No	121,635	121,635
Bank of America	Procurement of Evidence	128000	Checking	No	62,573	62,573
<b>Total Special Revenue Funds</b>					<b>18,143,882</b>	<b>18,143,883</b>
<b>Capital Projects</b>						
New Mexico State Treasurer	Capital Projects	090000	State Treasury	Yes	2,382,238	2,382,238
<b>Total Capital Projects Funds</b>					<b>2,382,238</b>	<b>2,382,238</b>
<b>Total Governmental Fund Types</b>					<b>\$ 17,428,522</b>	<b>\$ 17,426,690</b>
<b>Fiduciary Fund Types</b>						
<b>Agency Funds</b>						
New Mexico State Treasurer	DPS - DNA Identification Fund	402000	State Treasury	No	\$ 101,570	\$ 101,570
New Mexico State Treasurer	DPS - Governmental Gross Receipts	787000	State Treasury	No	-	-
New Mexico State Treasurer	Cash in Vault-Confiscated (Evidence)	663000	Cash on hand	No	172,563	172,563
New Mexico State Treasurer	DPS - Peace Officers Survival Fund	346000	State Treasury	No	115,935	115,935
<b>Total Agency Funds</b>					<b>390,068</b>	<b>390,068</b>
<b>Total Department Cash</b>					<b>\$ 17,818,590</b>	<b>\$ 17,816,758</b>



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF JOINT POWERS AGREEMENTS &  
MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2008

Participants	Party Responsible for Operations	Program Description	Date of Agreement		Total Estimated Amount of Project	Portion Applicable to Agency	Amount Contributed By Agency	Audit Responsibility	Agency Where Revs/Exps Are Reported
			Beginning	Ending					
Bureau of Land Management - NM Office/DPS	DPS	Provide law enforcement at various campgrounds in the Taos, NM area	5/1/2008	4/30/09	\$ 3,800	3,800	N/A	DPS	DPS
DEA/DPS	DPS	Transfer of \$100K from DFA to DPS for expenses for police agencies and county sheriffs to enforce arrests and bench warrants	5/8/2006	6/30/10	100,000	100,000	N/A	DPS	DPS
DEA/DPS	DPS	Transfer of \$150K for purchase of law enforcement equipment and for financing undercover operations such as identifying establishments and persons who provide alcohol to intoxicated persons	9/17/2007	6/30/09	150,000	150,000	N/A	DPS	DPS
DHS Domestic Nuclear Detection Office - State of NM/DPS	DPS	Develop and use Preventive Radiation Detection database	2/6/2008	2/5/09	-	N/A	N/A	DPS	DPS
FBI/DPS	DPS	Info from NCIC (Natl Crime Info Ct) Vehicle File, License Plate File, vehicle info in Wanted Persons File	4/25/2008	Indefinite	-	N/A	N/A	DPS	DPS
GSD, Property Cntl Div/DPS	DPS	Transfer of \$50K to purchase equipment for a mechanic's garage for NMSP Distr 6 Office in Gallup	3/6/2008	When transfer complete	\$0,000	\$0,000	N/A	DPS	DPS
NM State Univ/DPS	DPS	Process mapping for NMDPS N. Forensic Lab (project complete)	2/26/2008	12/31/08	21,450	21,450	17,349	DPS	DPS
TRD/DPS	DPS	Conduct operations to identify amount of commercial vehicles entering NM illegally/Utilize remaining funds in FY08 which were transferred from the Weight Distance Tax ID Permit Fund by TRD to DPS during FY07	8/15/2007	6/30/08	424,000	424,000	N/A	DPS	DPS

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF JOINT POWERS AGREEMENTS &  
MEMORANDUMS OF UNDERSTANDING  
Year Ended June 30, 2008

Participants	Party Responsible for Operations	Program Description	Date of Agreement		Total Estimated Amount of Project	Portion Applicable to Agency	Amount Contributed By Agency	Audit Responsibility	Agency Where Revs/Exps Are Reported
			Beginning	Ending					
Children Youth & Families/DPS	DPS	Underage alcohol abuse program svcs	7/11/2007	5/31/08	\$ 40,000	40,000	N/A	DPS	DPS
DOH/DPS Resource/DOH/Environment Dept/State Fire Marshal/DHS Emergency Management/DPS	DPS	Enforcement of Tobacco Products Act and Liquor Control Act	8/31/2007	6/30/08	114,000	114,000	N/A	DPS	DPS
	DPS	WIIPP Task Force	10/1/1993	N/A	-	-	N/A	DPS	DPS
NM State Fair Comm/DPS	DPS	Provide assistance & Security at 2007 State Fair	8/24/2007	2/4/08	162,000	162,000	N/A	DPS	DPS
NM State Univ/DPS	DPS	Provide addtl security during special events on NMSU property	11/2/2007	12/31/08	50,000	50,000	N/A	DPS	DPS
San Juan County Commissioners/DPS	DPS	Communications Center	1/30/2007	6/30/08	60,000	60,000	60,000	DPS	DPS
Town of Edgewood/DPS	DPS	Lense office space	7/1/2007	6/30/08	18,000	18,000	18,000	DPS	DPS
Univ of NM/DPS	DPS	Provide addtl security during special events on UNM property	6/25/2007	12/31/08	70,000	70,000	N/A	DPS	DPS
US Dept of Interior Bur of Reclamation/DPS	DPS	Transfer of funds for law enforcement, emergency medical assistance and security at selected areas of Brantley	5/24/2008	9/30/12	80,000	80,000	N/A	DPS	DPS
Village of Maxwell/DPS	DPS	Provide law enforcement services for the village (Law Enforcement Protection Fund grants made available to NMDPS; no dollar amt specified)	6/25/2007	6/30/09	-	-	N/A	DPS	DPS
Village of Ruidoso/DPS	DPS	Share office space	7/1/2007	6/30/08	20,000	20,000	20,000	DPS	DPS
Village of Wagen Mound/DPS	DPS	Provide law enforcement services for the village (Law Enforcement Protection Fund grants made available to NMDPS; no dollar amt specified)	6/4/2008	6/30/09	-	-	N/A	DPS	DPS

## **SINGLE AUDIT INFORMATION**

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2008

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA #	GRANT NUMBER	GRANT PERIOD		AWARD AMOUNT	6/30/2008
			FROM	TO		CURRENT EXPEND.
<b>US DEPARTMENT OF HOMELAND SECURITY</b>						
<b>Homeland Security Cluster</b>						
2004 NMDHSEM State Police Bomb HS 2004	97.067	2004-GE-T4-0005	3/7/2008	6/30/2008	\$ 85,000	68,409
NMSP DHSEM Intel Fusion	97.067	2006-GE-T6-0064	11/20/2007	6/30/2008	200,000	193,983
Homeland Security 2005 Tact Team Sub grant agreement 2005-GR-T6	97.067	2006-GR-T6-0064	8/1/2007	6/30/2009	127,800	2,255
2007 Stonegarden (subgrant thru DHSEM)	97.067	2007-SG-N6-0001	11/1/2007	12/31/2008	95,903	61,450
HS Buffer Zone	97.078	2005-GR-T5-0029	10/19/2007	12/31/2008	67,839	64,158
HS Buffer Zone	97.078	2005-GR-T5-0029	11/1/2006	10/31/2008	455,932	274,190
			9/10/2007	1/15/2008	49,952	45,434
			9/10/2007	1/15/2008	47,459	33,145
<b>Total Homeland Security Cluster</b>					<b>1,129,885</b>	<b>743,024</b>
OCDETF - REGION III	16.000	SW-NM-188-189	09/05/07	9/30/2007	12,126	12,805
08 MARIJUANA ERADICATION	16.000	NMNTF-2007-92	07/01/07	12/31/2007	7,500	2,855
US Marshall Svc MOU - SP Overtime	16.xxx	N/A	9/1/2006	12/31/2007	10,000	1,046
					29,626	16,706
<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>					<b>1,159,511</b>	<b>759,730</b>
<b>US DEPARTMENT OF JUSTICE</b>						
<b>DIRECT FLOW THROUGH</b>						
2004 NCHIP ADMIN	16.554	2004-RU-BX-K030	10/1/2004	9/30/2007	103,819	28,461
2004 NCHIP JT (04 NCHIP-GRANT)	16.554	2004-RU-BX-K030	10/1/2004	9/30/2007	464,000	37,160
					567,819	65,621
2003 DCSI ADM	16.579	2005-DB-BX-0028	10/1/2002	1/31/2008	3,870,589	74
2003 DCSI FLOW THRU	16.579	2003-DB-BX-0028	10/1/2002	1/31/2008	-	141,486
2003 DCSI DPS	16.579	2005-DB-BX-0028	10/1/2002	1/31/2008	-	33,511
03 PSN FLOW THRU	16.579	2003-GP-CX-0536	10/1/2002	12/21/2007	641,278	22,565
03-PSN ADMIN	16.579	2003-GP-CX-0536	10/1/2002	9/30/2006	61,425	2,470
2004 DCSI ADMIN	16.579	2004-DB-BX-0006	10/1/2003	9/30/2007	3,796,722	101,991
2004 DCSI FLOW THROUGH	16.579	2004-DB-BX-0006	10/1/2003	9/30/2007	-	258,580
2005 JAG admin	16.579	2005-DJ-BX-0839	10/1/2004	10/31/2009	305,712	93,609
05 JAG FLOW THRU	16.579	2005-DJ-BX-0839	10/1/2004	10/31/2009	1,844,014	428,020
					10,519,740	1,082,306
2006 JAG FLOW THRU	16.738	2006-DJ-BX-0054	10/1/2005	9/30/2009	871,508	471,999
2006 JAG Flow Through - Internal	16.738	2006-DJ-BX-0054	10/1/2005	9/30/2009	1,879,901	39,054
2007 JAG Criminal	16.738	2007-DJ-BX-0066	10/1/2008	9/30/2010	2,757,976	290,749
2007 JAG Flow Through	16.738	2007-DJ-BX-0066	10/1/2006	9/30/2010	-	480,988
2007 JAG Narcotics	16.738	2007-DJ-BX-0066	10/1/2006	9/30/2010	-	125,357
					5,509,385	1,408,146

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2008

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA #	GRANT NUMBER	GRANT PERIOD		AWARD AMOUNT	6/30/2008
			FROM	TO		CURRENT EXPEND.
03 RSAT FLOW THROUGH	15.592	2003-RT-BX-0046	10/1/2002	1/31/2008	450,371	80,575
2005 RSAT Admin	15.592	2005-RT-BX-0046	10/1/2004	1/31/2009	12,598	12,598
2005 RSAT Flow Through	15.592	2005-RT-BX-0046	10/1/2004	1/31/2009	239,310	99,692
					<u>702,279</u>	<u>192,864</u>
2006 Bulletproof Vest	16.607	16.607	4/1/2006	9/30/2010	27,684	1,992
2006 Bulletproof Vest - State Police	16.607	16.607	11/1/2006	3/31/2008	13,161	12,950
2004 Bulletproof Vest	16.607	OMB 1121-0235	6/8/2004	9/30/2008	28,771	1,794
					<u>69,616</u>	<u>16,736</u>
06 Project Safe Neighborhood	16.609	2006-GP-CX-0050	10/1/2006	9/30/2008	37,117	2,532
07 Project Safe Neighborhood Admin	16.609	2007-GP-CX-0066	9/1/2007	8/31/2010	149,912	32
07 Project Safe Neighborhood Flow Through	16.609	2007-GP-CX-0066	9/1/2007	8/31/2010	-	12,265
					<u>187,029</u>	<u>14,829</u>
2005 COPS Technology	16.710	2005-CK-WX-0343	12/8/2004	12/7/2008	1,109,974	272,578
2006 COPS TECHNOLOGY	16.710	2006-CK-WX-0201	11/22/2005	11/21/2008	74,042	5,795
2006 COPS METH GRANT	16.710	2006-CK-WX-0471	11/22/2005	11/21/2007	148,084	64,146
					<u>1,332,100</u>	<u>342,519</u>
05 DNA Capacity Northern Forensic Lab	16.741	2005-DA-BX-K090	10/1/2005	3/15/2008	176,110	23,187
05 PC Northern Forensic Lab Sub Grant	16.742	2005-DN-BX-0100	9/1/2005	12/31/2007	25,569	3,225
2006 Paul Coverdell Crime Lab	16.742	2006-DN-BX-0010	10/1/2006	9/30/2008	167,818	17,275
2006 Paul Coverdell Flow Through	16.742	2006-DN-BX-0010	10/1/2006	9/30/2008	-	9,195
2006 Paul Coverdell Admin	16.742	2006-DN-BX-0010	10/1/2006	9/30/2008	-	3,246
2007 Paul Coverdell Crime Lab	16.742	2007-CD-BX-0074	10/1/2007	9/30/2008	166,615	3,270
2007 Paul Coverdell Flow Through	16.742	2007-CD-BX-0074	10/1/2007	9/30/2008	-	71,811
					<u>360,002</u>	<u>108,023</u>
2006 DNA Backlog	16.743	2006-DN-BX-K113	10/01/06	03/31/09	45,000	1,861
2006 Anti-Gang admin	16.744	2006-PG-BX-0006	1/1/2006	12/31/2008	-	7,930
ANTI-GANG 2006 FLOWTHRU & admin	16.744	2006-PG-BX-0006	1/1/2006	12/31/2008	215,700	64,346
2007 Anti-Gang admin	16.744	2007-PG-BX-0082	9/1/2007	8/31/2010	-	288
2007 Anti-Gang flowthrough	16.744	2007-PG-BX-0082	9/1/2007	8/31/2010	242,617	14,190
					<u>458,317</u>	<u>86,754</u>
2006 DNA Capacity Admin	16.743	2006-DN-BX-K133	10/01/06	09/30/09	430,467	4,890
2006 DNA Capacity	16.743	2006-DN-BX-K133	10/01/06	09/30/09	-	230,913
					<u>430,467</u>	<u>235,803</u>
<b>TOTAL US DEPARTMENT OF JUSTICE - DIRECT</b>					<u>20,357,864</u>	<u>3,578,650</u>

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2008

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA #	GRANT NUMBER	GRANT PERIOD FROM	GRANT PERIOD TO	AWARD AMOUNT	6/30/2008 CURRENT EXPEND.
<b>OFFICE OF NATIONAL DRUG CONTROL POLICY</b>						
06 HIDTA MTD	16.880	16PSNP561	1/1/2006	12/31/2008	106,200	32,836
06 HIDTA SCL	16.880	16PSNP561	1/1/2006	12/31/2008	209,530	50,537
06 HIDTA SP	16.880	16PSNP561	1/1/2006	12/31/2008	159,302	915
HIDTA 2008 Border Operations	16.880	17PSNP561Z	7/1/2007	6/30/2008	57,123	28,749
HIDTA 2008 Chaves County	16.880	17PSNP561Z	7/1/2007	6/30/2008	10,000	9,900
HIDTA 2008 Lea County	16.880	17PSNP561Z	7/1/2007	6/30/2008	12,336	9,140
HIDTA 2008 Regional Inter-Agency	16.880	17PSNP561Z	7/1/2007	6/30/2008	13,725	8,341
2007 HIDTA MTD	16.880	17PSNP561Z	7/1/2007	6/30/2009	106,200	101,932
2007 HIDTA SCL	16.880	17PSNP561Z	7/1/2007	6/30/2009	222,856	174,938
2007 HIDTA SP	16.880	17PSNP561Z	7/1/2007	6/30/2009	174,302	156,880
HIDTA Region 3 FY08	16.880	17PSNP561Z	7/1/2007	6/30/2008	30,519	10,878
HIDTA 2008 DEA Albuquerque	16.000	None	10/1/2007	9/30/2008	31,708	13,754
HIDTA 2008 DEA Las Cruces	16.000	None	10/1/2007	9/30/2008	31,708	28,524
2003 HIDTA MTD	16.880	13PSNP561	7/1/2003	6/30/2008	106,200	5,631
05 HIDTA MTD	16.880	15PSNP561	2/1/2005	12/31/2008	77,418	10,150
<b>TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY</b>					<b>1,329,127</b>	<b>643,102</b>
<b>TOTAL US DEPARTMENT OF JUSTICE</b>					<b>21,686,990</b>	<b>4,221,751</b>
<b>US DEPARTMENT OF TRANSPORTATION</b>						
<b>DIRECT FLOW THROUGH</b>						
05 MCSAP BORDER	20.218	BE-05-35-1	7/1/2005	9/30/2008	580,738	47,300
05 MCSAP BORDER IDC	20.218	BE-05-35-1	7/1/2005	9/30/2008		94,576
06 MCSAP BORDER	20.218	BE-06-35-1	7/1/2006	9/30/2007	516,475	142,941
07 MCSAP BORDER	20.218	BE-07-35-1	10/1/2006	9/30/2008	1,157,938	763,451
07 MCSAP BASIC	20.218	MC-07-35-1	10/1/2006	9/30/2008	1,712,685	755,308
08 MCSAP Basic	20.218	MC-08-35-1	10/1/2007	9/30/2009	1,762,228	936,052
07 MCSAP High Priority	20.218	MCSAP-HP-07	10/1/2007	9/30/2008	83,200	51,196
06 MCSAP ENTRANT	20.218	MH-06-35-1	10/1/2005	9/30/2007	360,625	191,426
06 MCSAP	20.218	MH-06-35-2	10/1/2005	9/30/2008	559,800	124,000
MCSAP NEW ENTRANT	20.218	MN-07-35-1	10/1/2006	9/30/2008	613,019	348,382
08 MCSAP New Entrant	20.218	MN-08-35-1	10/1/2007	9/30/2009	286,850	160,983
MCSAP MC9935555 MTD	20.217	MC-99-35-555	10/1/2003	9/30/2009	741,470	2,385
MTD-FMSCA CVISN	20.217	1T073501G00000	10/1/2007	12/31/2010	553,100	51,380
03-USDOT CVISN	20.217	MC-99-35-555 A	10/1/2003	9/30/2009	436,770	91,462
					<b>9,344,896</b>	<b>3,760,641</b>
DWI Drunk Busters 2 dispatchers	20.608	08-AL-64-P34	10/1/2007	9/30/2008	70,660	18,184
07 S.T.E.P MTD	20.609	07-PT-K4-115	10/1/2006	9/30/2008	50,798	3,716
2008 TSB STEP MTD	20.609	08-PT-06-115	10/1/2007	9/30/2008	19,088	2,524
07 TSB STEP	20.609	07-PT-K4-071	10/1/2006	11/16/2007	165,810	54,659
Selective Traffic Enforcement	20.609	08-PT-06-071	10/1/2007	9/30/2008	110,000	59,393
100 Days & Nights of Summer	20.609	08-PT-D5-071	6/1/2008	9/30/2008	23,250	4,264
08 Operation Click it or Ticket	20.609	N/A	5/19/2008	6/30/2008	10,488	10,333
					<b>309,548</b>	<b>134,888</b>
SID 100 Days & Nights	20.608	07-PT-DS-P06	6/20/2007	12/31/2007	25,000	10,226
<b>TOTAL US DEPARTMENT OF TRANSPORTATION - DIRECT</b>					<b>9,749,446</b>	<b>3,923,939</b>

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2008

FEDERAL GRANTOR/AGENCY PROGRAM TITLE	FEDERAL CFDA #	GRANT NUMBER	GRANT PERIOD FROM	TO	AWARD AMOUNT	6/30/2008 CURRENT EXPEND.
<b>NEW MEXICO TRAFFIC SAFETY BUREAU - PASS THROUGH</b>						
CYFD Underage Drinking Enforcement	16.727	2006-AH-FX-0042	7/30/2007	5/31/2008	40,000	34,213
<b>Highway Safety Cluster</b>						
07 TSB NMDOT- ODWI	20.600	07-AL-K8-071	10/1/2006	9/30/2007	367,540	80,276
NMSP - STATEWIDE INITIATIVE	20.600	07-AL-K8-071	10/17/2006	9/30/2007	750,000	120,723
07 TSB OBD	20.600	07-RF-01-071	10/1/2006	11/16/2007	72,668	19,076
08 Operation DWI	20.600	08-AL-K8-071	10/1/2007	9/30/2008	50,000	3,553
08 Operation DWI	20.600	08-AL-K8-071	10/1/2007	9/30/2008	357,532	201,215
08 Statewide Expanded Dwi	20.600	08-AL-K8-071-(1)	10/1/2007	9/30/2008	750,000	293,348
Total Highway Safety Cluster					2,347,740	718,191
<b>TOTAL NEW MEXICO TRAFFIC SAFETY BUREAU - PASS THROUGH</b>					2,387,740	752,404
<b>TOTAL US DEPARTMENT OF TRANSPORTATION</b>					12,137,186	4,676,343
<b>US DEPARTMENT OF ENERGY</b>						
<b>NEW MEXICO ENERGY &amp; MINERALS DEPARTMENT - PASS THROUGH</b>						
2007 WIPP MTD	81.106	DE-FC29-88-AL-53813	7/1/2006	6/30/2008	292,804	454
2007 WIPP SP	81.106	DE-FC29-88-AL-53813	7/1/2006	9/30/2007	266,386	92
2008 WIPP Admin	81.106	DE-FC29-88-AL-53813	7/1/2007	6/30/2008	79,022	27,885
2008 WIPP MTD	81.106	DE-FC29-88-AL-53813	7/1/2007	6/30/2008	279,703	190,118
2008 WIPP SP	81.106	DE-FC29-88-AL-53813	7/1/2007	6/30/2008	266,386	127,939
2006 WIPP IDC	81.106	DE-FC29-88-AL-53813	7/1/2005	12/31/2007	115,331	6,310
<b>TOTAL US DEPARTMENT OF ENERGY</b>					1,299,632	352,796
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>						
DHSEM Ojo Peak Fire	97.046	FEMA-2741-FM-NM	4/18/2008	8/16/2008	14,644	11,291
<b>TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY</b>					14,644	11,291
<b>US FOOD &amp; DRUG ADMINISTRATION</b>						
<b>NEW MEXICO DEPARTMENT OF HEALTH - PASS THROUGH</b>						
DOH 08 SID alcohol	93.000	NMDOG07TOBACCO	8/31/2007	6/30/2008	34,000	5,297
<b>TOTAL ALL FEDERAL AWARDS</b>					\$ 36,331,963	10,027,208

**NOTES TO SCHEDULE OF FEDERAL AWARDS**

General - The Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Department.

Note A - Significant Accounting Policies - The accompanying Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting which is described in Note 2 to the Department's financial statements. Federal expenditures include adjustments resulting from subsequent changes in expenditures charged to a particular federal program.

Note B - The Department had sub recipients, by Federal Grantor, in the following amounts:

U.S. Department of Justice \$ 2,188,657

**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. John Denko, Secretary  
State of New Mexico  
Department of Public Safety  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and major special revenue funds, and the aggregate remaining fund information of the State of New Mexico, Department of Public Safety (Department), as of and for the year ended June 30, 2008, which collectively comprise the Department's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 16, 2009. We have also audited the financial statements of each of the Department's non-major governmental funds, respective budgetary comparisons, major capital projects fund budgetary comparisons and fiduciary funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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



Mr. John Denko, Secretary  
State of New Mexico  
Department of Public Safety  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 06-1, 07-4, 07-5, 07-7 and 08-1 through 08-7 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08-06 to be a material weakness.

Mr. John Denko, Secretary  
State of New Mexico  
Department of Public Safety  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 06-01, 07-7, 08-2, and 08-7.

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

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

*Moss Adams LLP*

Albuquerque, New Mexico  
March 16, 2009

**Independent Auditors' Report on Compliance  
With Requirements Applicable to Each Major  
Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

Mr. John Denko, Secretary  
State of New Mexico  
Department of Public Safety  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

Compliance

We have audited the compliance of State of New Mexico, Department of Public Safety (Department) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

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

Mr. John Denko, Secretary  
State of New Mexico  
Department of Public Safety  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

As described in items 07-9, 07-13 and 08-8 and 08-16 in the accompanying schedule of findings and questioned costs, the Department did not comply with the requirement regarding cash management that is applicable to its High Intensity Drug Trafficking Area (HIDTA) and Justice Assistance (JAG) grants and with requirements regarding cash management, reporting, level of effort, and matching that are applicable to its Motor Carrier Grant. Compliance with such requirements is necessary, in our opinion, for the Department to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Department, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 07-10, 08-8, 08-10, 08-11 and 08-12.

#### Internal Control Over Compliance

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

Mr. John Denko, Secretary  
State of New Mexico  
Department of Public Safety  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-9, 07-10, 07-13, and 08-8 thru 08-16 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 08-9 and 08-14 to be material weaknesses.

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

Mr. John Denko, Secretary  
State of New Mexico  
Department of Public Safety  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

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

*Moss Adams LLP*

Albuquerque, New Mexico  
March 16, 2009

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2008**

06-1	Capital Asset Disposals	Repeated/Modified
06-2	Search for Unrecorded Capital Assets	Resolved
06-8	Single Audit Compliance—Material Weakness Southwest Border Prosecution Initiative	Resolved
07-1	Annual and Sick Leave Accruals	Resolved
07-2	SHARE Security Access	Resolved
07-3	Reconciliation of Interest in the State Investment Pool (Cash Balances)	Resolved
07-4	Lack of Adequate Management Reporting	Repeated/Modified
07-5	Journal Entry Processing	Repeated/Modified
07-6	Inventory	Resolved
07-7	Timeliness of Audit Report	Repeated/Modified
07-8	PO Dated After Invoice Date/Contract Price Agreement Expired	Resolved
07-9	Cash Management and Reporting-Material Weakness	Repeated/Modified
07-10	Reporting	Repeated/Modified
07-11	Segregation of Duties-Allowable Costs, Cash Management and Reporting	Resolved
07-12	Monitoring SWBPI Reimbursement Requests- Allowability and Period of Availability	Resolved
07-13	Cash Management	Repeated/Modified
07-14	Late Submission of Data Collections Form	Resolved

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2008**

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements*

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(s) identified that are not considered to be material weakness(es)?   X   Yes        None Reported

Non-compliance material to financial statements noted?   X   Yes        No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?   X   Yes        No
- Significant deficiency(s) identified that are not considered to be material weakness(es)   X   Yes        None reported

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?   X   Yes        No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.579	JAG - Justice Assistance Grant
20.218	MCSAP - National Motor Carrier Safety
16.710	COPS - Community Oriented Policing Services
16.880	HIDTA – High Intensity Drug Trafficking Area
81.106	WIPP – Waste Isolation Pilot Plant
20.600	Operation DWI
16.738	JAG – Justice Assistance Grant
97.067	Stonegarden/BOMB/Target

Dollar threshold used to distinguish between type A and type B programs \$        300,816

Auditee qualified as low-risk auditee?        Yes   X   No



**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT - FINDINGS**

**06-1 Capital Assets**

CONDITION

During our testwork, we could not track capital asset disposals listed on the capital assets listing to specific, identifiable, inventoried capital assets. The Department does not include identifying information on each disposed capital asset in the written notification to the State Auditor.

CRITERIA

Per 2.2.2.10.V. of the State Auditor Rule, "Sections 13-6-1 and 13-6-2 NMSA 1978, and the procurement code govern the disposition of obsolete, worn-out or unusable tangible personal property owned by state agencies, local public bodies, school districts, and state educational institutions. At least thirty days prior to any disposition of property on the agency inventory list described in 2.2.2.10.Y, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action must be sent to the State Auditor."

EFFECT

The Department is not in compliance with the State Auditor Rule and there is increased risk that the assets could be lost, stolen or disposed of improperly.

CAUSE

The Department does not have procedures in place to ensure compliance with their policy of requiring all employees to provide all of the pertinent disposal information of each capital asset at time of disposal, such information would include capital asset description, tag number, date of disposal and any proceeds from said disposals to the responsible individual over capital assets in a timely manner.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**06-1 Capital Asset Disposals (Continued)**

**RECOMMENDATION**

We recommend the Department create procedures to ensure compliance with its policy of requiring all employees to provide all of the pertinent disposal information of each capital asset at the time of disposal, such information would include capital asset description, tag number, date of disposal and any proceeds from said disposal to the responsible individual over capital assets in a timely manner. The Department should also provide identifying information of each capital asset disposed on the written notification to the State Auditor to provide an audit trail for compliance with the State Auditor Rule. Finally, the Department should update its capital asset records.

**MANAGEMENT RESPONSE**

The Department agrees that items being disposed of should be clearly identified in the disposal documentation. Severe staff shortages and continual turnover during most of 2007 and 2008 prevented us from performing many necessary procedures, including a more complete review of capital asset disposal documentation. The Department will make every effort to correct this for FY 2009.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ending June 30, 2008

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**07- 4 Lack of Adequate Management Reporting**

CONDITION

With the implementation of SHARE, management reports normally used by the Department to monitor the effectiveness of its internal controls and transactions and to prepare for the annual audit were either not available or extremely difficult to run.

During our testwork we also noted the following:

The general fund ending cash balance was a deficit of \$3,141,675.

CRITERIA

An important part of the system of internal control is the ability of employees and managers to access transaction data in useful forms for them to analyze and review. This requires access to the data and an understanding of how the underlying reports are constructed in order to accurately assess financial reporting and detect errors.

EFFECT

The Department had difficulty monitoring the effectiveness of its controls, analyzing transactions, and ensuring the accuracy of financial and federal reporting. There were delays in the draw down of federal funds which caused a cash deficit of over \$3 million. This difficulty increased the risk of that errors or fraud could go undetected.

CAUSE

There were difficulties in obtaining reports and there were some problems with report accuracy during the fiscal year due to the system being down, the system being slow, reports timing out, reports too large to be run completely, a lack of Crystal reports, a lack of training of queries.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**07- 4 Lack of Adequate Management Reporting (Continued)**

RECOMMENDATION

We recommend that the Department continue utilizing the alternative techniques develop to compensate for the lack of accurate reports until SHARE reporting can be utilized better and is refined. We also recommend that the Department continue to work with the SHARE team to overcome these difficulties and submitting federal reimbursement requests as quickly as possible to prevent negative cash balances.

MANAGEMENT RESPONSE

The Department agrees that management reports are important. Severe staff shortages and continual turnover during most of 2007 and 2008 prevented us from performing many necessary procedures, including obtaining financial reports. The Department will obtain a policy exemption for Fund 128 (the fund with the negative cash balance) because the federal grant expenditures are paid from this fund; federal grant revenue is requested and received on a reimbursement basis, so the fund is likely to have a negative balance at the end of the fiscal year.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**07-5 Journal Entry Processing**

CONDITION

Approximately 82,000 journal entries lines were generated and posted to the general ledger in order to properly reflect accounting data within the SHARE accounting system. A number of journal entries were generated and posted into the SHARE system after the end of the fiscal year. In addition, we noted the following specific items in performing our testwork:

We selected 28 journal entries for testing. Of these, we noted 16 manual journal entries that were posted by the Department of Finance & Administration (DFA) to the department share general ledger, prior to Department verification and approval. No supporting documentation copies from DFA could be provided for these entries.

CRITERIA

Journal entries should be properly supported and approved in advance and posted timely to ensure accurate interim financial reporting. The need for journal entries to correct accounting data should be limited when the underlying transactions are processed and posted correctly.

EFFECT

Significant extra effort was required by the Department in order to compensate for the number and complexity of the journal entries. There were delays in achieving accurate interim financial and federal reporting. Finally, there was increased risk that errors or fraud could go undetected.

CAUSE

The Department experienced issues related to conversion and many of the delays that were experienced were due to continued work on the system post-implementation and the Department's lack of familiarity with the system and its configuration. Corrections of errors, posting entries backwards, and posting correcting payroll entries is excessive, although necessary. It appears many items are not posted correctly the first time.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**07-5 Journal Entry Processing (Continued)**

RECOMMENDATION

We recommend that the Department continue to work with the SHARE team to ensure that all information system issues have been addressed and that accounting information generated by the SHARE system is reliable in order to mitigate the necessity to post correcting journal entries in large quantities. In addition, we recommend that the Department continue to use the compensating controls in place until such time as the SHARE issues are resolved, including maintaining backup for all entries posted to the Department.

MANAGEMENT RESPONSE

The Department agrees that journal entries should be kept to a minimum. Severe staff shortages and continual turnover during most of 2007 and 2008 prevented us from performing many necessary procedures, including preparing journal entries during the year. The Department will make every effort to prepare and post journal entries during the year as errors are identified. The Department will also continue to make corrections to the payroll records so that the payroll transactions are posted correctly. However, the Department is not able to prevent the Department of Finance and Administration from posting journal entries to the general ledger.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**07-7 Timeliness of Audit Report**

CONDITION

The New Mexico Department of Public Safety (Department) did not submit their 2008 audit report to the State Auditor until March 20, 2009.

CRITERIA

Subsection A of 2.2.2.9 NMAC requires that audit reports for State agencies are due no later than 60 days after the Financial Control Division of the Department of Finance and Administration provides the State Auditor with notice that the agency's books and records are ready and available for audit; however, the deadline cannot extend beyond December 15.

EFFECT

The Department is not in compliance with this state regulation and the books and records may not be complete.

CAUSE

The books and records for 2008 were not ready and available to start the audit until late November 2008 due to severe staff shortages and turnover.

RECOMMENDATION

We recommend that the Department implement procedures to ensure that the books and records are ready and available for audit early enough to complete the audit and meet the deadline.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**07-7 Timeliness of Audit Report (Continued)**

MANAGEMENT RESPONSE

The Department agrees that the books and records should be ready and available for audit promptly after the close of the fiscal year. Severe staff shortages and continual turnover during most of 2007 and 2008 prevented us from performing many necessary procedures, including preparing the books and records for audit. The Department will make every effort to prepare all of the FY 2009 financial records in a timely manner so that the FY 2009 financial statements will be submitted by the deadline.



**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**08-1 Cash on Hand Account**

CONDITION

The Department is maintaining a cash on hand account for confiscated evidence that is not recognized by DFA and therefore not on the Department's general ledger or trial balance.

CRITERIA

Per 6-5-2 NMSA 1978, "State agencies shall comply with the model accounting practices established by the division, and the administrative head of each state agency shall ensure that the model accounting practices are followed." Model accounting practices include all accounts and state activities being included in agencies' general ledgers.

EFFECT

The Department's balance in SHARE are not complete.

CAUSE

Although the Department notified DFA of the existence of this cash account in fiscal year 2007, they did not follow up in a timely manner to ensure that DFA properly established an associated general ledger account.

RECOMMENDATION

We recommend working with DFA to add this account in a timely manner.

MANAGEMENT RESPONSE

The Department agrees that all accounts should be reported through DFA. This fund was missed during the conversion to SHARE at July 1, 2006. The Department is currently working with DFA to ensure that the fund is included in the statewide accounting system.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**08-2 Untimely Reversions**

CONDITION

The Department prepared general fund reversions, but failed to submit the required operating transfers within the time frame established by statute. The amount of \$810,697 for fiscal year 2007 was not reverted timely. An estimated reversion for 2008 was not reverted timely.

CRITERIA

Section 6-5-10, NMSA 1978, requires “all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert by September 30, to the general fund. The agency may adjust the reversion within forty five days of release of the audit report for that fiscal year.”

EFFECT

Failure to transfer reverting funds by September 30 and the remaining amount within forty five days is noncompliant with State Statute and may impact State funding.

CAUSE

The Department is understaffed and does not have a procedure to ensure completion and compliance with statutory and other year end closing requirements.

RECOMMENDATION

We recommend that the Department establish procedures to post all activity and verify that all accounts are reverted timely in order to meet the statutory deadline for reversions.

MANAGEMENT RESPONSE

The Department agrees that reversions should be made in a timely manner. Staff shortages and turnover prevented this from happening in the past. The Department will make a concerted effort to complete the reversions on time.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**08-3 Due to/from Other State Agencies**

CONDITION

During our testwork of due to/from other agencies we noted four amounts that were accrued in prior years that had not been paid/received in a timely manner and were still being shown as an amount due to/from other state agencies as of June 30, 2008. Of these four amounts, one amount for \$105,000 was adjusted with an audit entry out of Due from other agencies, as the law had changed, and was no longer due to the Department. The Department is researching the other three amounts.

CRITERIA

When funds are due to other state agencies every attempt should be made to ensure the other state agency is paid their funds in a timely manner. When funds are due from other state agencies, these amounts should be followed up on timely.

EFFECT

Amounts due to/from other state agencies could have a detrimental effect on the Department's or other agency's operations or budgets. If the amounts are not due to other state agencies, then the amounts need to be reverted to the State General Fund. If the due from amounts are not valid, they should be reversed.

CAUSE

There is no responsibility assigned to track these accounts and to ensure the related payments and receipts are completed timely.

RECOMMENDATION

We recommend that when money is due to or from another agency, the Department does the required research needed to ensure the proper agency receives or pays the funds in a timely manner. Responsibility of tracking these accounts must be assigned

MANAGEMENT RESPONSE

The Department agrees that amounts recorded in the financial records should be complete and accurate. Staff shortages and continual turnover in the Finance Bureau resulted in many things being overlooked. The Department will make a concerted effort to improve overall accounting practices, including the review of amounts due from and due to other state agencies.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**08-4 Segregation of Duties – Cash Receipts**

CONDITION

The same employee is both preparing the deposit slip and recording the daily deposits into SHARE and receiving the deposit slips back. There is no independent check in the deposit process that what was received is what was booked and deposited.

CRITERIA

Internal controls are designed to safeguard assets and help prevent losses from employee dishonestly or error. A fundamental concept in an adequate system of internal control is the segregation of duties.

EFFECT

There is an increased risk of error or fraud in the financial records.

CAUSE

The internal control procedure of segregation of duties was not implemented as part of the Department's controls.

RECOMMENDATION

We recommend segregating the duties of preparing the deposit slip and recording the deposit in SHARE or design compensating controls to address this issue. The independent check must be performed by someone not involved in the process.

MANAGEMENT RESPONSE

The Department agrees that segregation of duties is important for effective internal controls. However, there are no employees that do not have access to SHARE that can be involved in the review process. Staff shortages and continual turnover have resulted in a 23% vacancy rate in the Finance Bureau; staff outside the Bureau do not have sufficient knowledge to participate in the review process. The Department will review what actions can be taken to mitigate this situation.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**08-5 Segregation of Duties – Chief Financial Officer**

CONDITION

The Chief Financial Officer (CFO) has complete general ledger access; including creating and approving purchase orders, invoices, and journal entries.

CRITERIA

Internal controls are designed to safeguard assets and help prevent losses from employee dishonestly or error. A fundamental concept in an adequate system of internal control is the segregation of duties.

EFFECT

There is an increased risk of error or fraud in the financial records.

CAUSE

The internal control procedure of segregation of duties is not practiced due to inadequate staffing and lack of monitoring system access.

RECOMMENDATION

We recommend limiting the CFO's access or designing compensating controls to address this issue. Compensating controls could include management review of detail financial statements or reports.

MANAGEMENT RESPONSE

The Department agrees that segregation of duties is an important part of internal control. However, there is already a compensating control. The Department of Finance and Administration is required to approve many of the transactions that are initiated by any employee of DPS. In addition, the CFO was required to serve as the contract officer and the procurement bureau chief during the fiscal year when vacant positions were not allowed to be filled. It is important for the continuing function of the Department that some person be able to step in and complete the duties of staff who are absent for any reason; the CFO is the most logical person to meet this need. Also, because of the design of the SHARE accounting system, full access is needed in several areas to properly review transactions even if that person does not create the transactions.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**08-6 Financial Close & Reporting – Material Weakness**

CONDITION

The financial closing and reporting process is not well established and documented, including the identification and updating of internal and external financial reporting requirements and deadlines; the methodology, format, and frequency of required analyses; roles and responsibilities; changes and analyses of financial information and requirements. This includes a process to review entries posted by the Department of Finance and Administration and a process to reconcile liability accounts related to payroll.

The Department did not have their books closed or a final trial balance ready for audit timely enough to meet the state deadline. When the final trial balance was submitted, there were fourteen adjusting journal entries which could not be booked into SHARE because the deadline had passed. The length of time to complete the audit was delayed because schedules had to be returned for correction to the Department, the SEFA was redrafted, there were nineteen journal entries, the transfer of Emergency Management remaining balances to the Department of Homeland Security were not recorded, and the Department needed to research certain old balances.

CRITERIA

Sound internal controls include procedures to ensure financial closing and reporting process are complete and lead to accurate and timely financial reporting.

EFFECT

There is an increased risk of error or fraud in the financial records.

CAUSE

The Department has not had adequate resources to develop well-established policies and procedures over financial close and reporting. This has been caused by turnover in key positions along with a lack of adequate staffing.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**08-6 Financial Close & Reporting – Material Weakness (Continued)**

RECOMMENDATION

We recommend the Department develop policies and procedures to outline the requirements, timelines and responsibilities over the financial control and reporting process. Additionally, the audit process should flow much more efficiently when the books are cleaned up and the PBCs are prepared accurately, completely, and timely.

MANAGEMENT RESPONSE

The Department agrees that policies and procedures are needed to ensure accurate and timely financial information. Regarding the specific condition of transfers to the Department of Homeland Security and Emergency Management, DPS followed the instructions given by the Department of Finance and Administration; however, DFA later decided that something different was needed.

Due to staff shortages and continual turnover in the Administrative Services Division, and especially the Finance Bureau, many necessary procedures were not completed in a timely manner. Although we cannot fill the current vacant positions, nor can we request any additional administrative staff, the Department will continue to make a concerted effort to improve all accounting and financial reporting activities. Also, Department staff have become more proficient in using the new SHARE system and should be able to produce more timely and accurate financial information in future years.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**08-7 Capital Assets**

CONDITION

The Department's capital assets listing and depreciation is not properly maintained with a physical observation of capital assets and related reconciliation to the count. Additionally, a reconciliation of capital outlay was not completed.

CRITERIA

State agencies shall record and report state owned capital assets in accordance with state law, state rule, and Generally Accepted Accounting Principles. Section 6-5-2, 13-6-1, NMSA 1978 and GSD Rule 88-101. The Department of Finance and Administration FIN6 has clear guidelines regarding asset management as well.

EFFECT

There is an increased risk of that assets may be lost or stolen and this would not be detected.

CAUSE

Staffing has not been assigned to this function and controls have not been implemented by management to properly perform annual counts and capital outlay reconciliations.

RECOMMENDATION

We recommend the Department's management assign this responsibility and provide adequate training to properly calculate, record, track, and reconcile capital assets and the related depreciation in compliance with State laws and the Department's policies and procedures.

MANAGEMENT RESPONSE

The Department agrees fixed asset information should accurate and timely. Due to staff shortages and continual turnover in the Administrative Services Division, and especially the Finance Bureau, many necessary procedures were not completed in a timely manner. The Department will continue to make a concerted effort to improve all accounting and financial reporting activities, including complete and accurate reporting for fixed assets.



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

**B. FINANCIAL STATEMENT AUDIT – FINDINGS (CONTINUED)**

**08-7 Capital Assets (Continued)**

MANAGEMENT RESPONSE (CONTINUED)

Although we cannot fill the current vacant positions, nor can we request any additional administrative staff, the Department will continue to make a concerted effort to improve all accounting and financial reporting activities. Also, Department staff have become more proficient in using the new SHARE system and should be able to produce more timely and accurate financial information in future years.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS

07-9 Cash Management Reporting

CFDA #16.880 (HIDTA)

**Federal Program:**

Office of National Drug Control Policy

HIDTA Grant – CFDA 16.880

Grant No. I7PSNP651Z, Project Period July 1, 2007 – June 30, 2009

QUESTIONED COSTS        \$33,761 based on the actual difference between expenditures reported in the 269 Form and the amounts recorded in the general ledger.

CONDITION

During our test work over reporting of Form 269 we noted one instance out of three tested for this grant that the amount of reimbursement requested for on the federal reimbursement request form was not the same amount as that recorded on SHARE. The difference between the accounting records and the 269 report is \$33,761. This occurred on the report filed for the first quarter of fiscal year 2008 (7/1 – 9/30/07).

CRITERIA

According to 10CFR600.220, cited in the grant agreement, “Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

EFFECT

Non-compliance with the financial reporting requirement may cause a reduction in government funding.

CAUSE

The Department did not use the general ledger as a basis for the financial reporting process.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

07-9 Cash Management Reporting

RECOMMENDATION

We recommend that a review process be implemented to reconcile financial information from the general ledger to the financial report.

MANAGEMENT RESPONSE

The Department agrees that grant reports should be completed accurately and in a timely manner. Many of the reports are currently prepared and submitted by program staff rather than the Finance Bureau staff. Due to both staff shortages and continual turnover, the Finance Bureau was unable to monitor the reports prepared by program staff. The Department will make a concerted effort to improve federal grant accounting, including coordinating between Finance Bureau and program staff to ensure that all reports are both accurate and timely.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**07-10 Federal Grants Reporting**

**Federal Program:**

Office of Justice Programs, Bureau of Justice Assistance, Department of Justice  
Edward Byrne Memorial Formula Grant Program – CFDA 16.579  
Grant No. 2003-DB-BX-0028, Project Period October 1, 2002 – September 30, 2007  
Grant No. 2005-DJ-BX-0839, Project Period October 1, 2004 – September 30, 2008

Office of Community Oriented Policing Services, Department of Justice  
Public Safety Partnership and Community Policing Grants – CFDA 16.710  
Grant No. 2005-CK-WX-0343, Project Period October 1, 2007 – December 31, 2007

Office of National Drug Control Policy  
HIDTA Grant – CFDA 16.880  
Grant No. I7PSNP651Z, Project Period July 1, 2007 – June 30, 2009

Federal Motor Carrier Safety Administration, Department of Transportation  
National Motor Carrier Safety – CFDA 20.218  
Grant No. DPSBE07351, Project Period October 1, 2006 – September 30, 2008  
Grant No. DPSMC07351MTD, Project Period July 1, 2007 – September 30, 2008

Office of Environmental Management, Department of Energy  
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal  
Concerns, Proposed Solutions – CFDA 81.106  
Grant No. DE-FC29-88AL53813, Project Period July 1, 2007 – September 30, 2008

QUESTIONED COSTS        NONE

**CONDITION**

Form 269 reports due to the Federal Government for these programs were filed late as follows.

CFDA # 16.579	2 of 3 reports sampled were filed late
CFDA # 16.710	1 of 2 reports sampled were filed late
CFDA # 16.880	3 of 3 reports sampled were filed late
CFDA # 20.218	2 of 2 reports sampled were filed late

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

**C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**07-10 Federal Grants Reporting (Continued)**

CRITERIA

Office of Budget and Management Circular A-133; Applicable Compliance Supplements for CFDA Numbers 97.067/97.004C; 97.004; and, 16.738. According to 10CFR600.220, cited in the grant agreement, "Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

EFFECT

The Department did not file reports within the deadlines given by the funding agency and is not in compliance with OMB reporting requirements. This may impact future funding.

CAUSE

The Department experienced turnover during the audit period. This led to late report filing.

RECOMMENDATION

The Department has attempted to fill all vacancies to ensure accurate reporting and cash management. We recommend that the Department continue in those efforts and develop a control to remind management of financial reporting deadlines.

MANAGEMENT RESPONSE

The Department agrees that all federal quarterly reports should be prepared and submitted on time. Severe staff shortages and turnover during 2007 and 2008 prevented us from performing many necessary procedures, including preparing quarterly grant reports. The Department will make every effort to ensure all grant reports are submitted on time.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

07-13 Cash Management

CFDA #16.738 JAG-Justice Assistance Grant (Grant #2006-DJ-BX-0054)  
CFDA #16.738 JAG-Justice Assistance Grant (Grant #2007-DJ-BX-0066)

QUESTIONED COSTS \$30,321 based on the actual difference between amounts reported in the SF269A Forms and the expenditure detail.

CONDITION

Total expenditures the SF269A Forms, less the prior year accrual amount, plus current year receivable amounts did not tie to the total of detailed listing of expenses per a download of expenditures for this grant from the client general ledger. The difference for each grant is listed as follows: \$23,774 (2006-05-BX-0054); \$6,547 (2007-05-BX-0066).

CRITERIA

The OMB Circular A-133 as well as good accounting practices calls for using the general ledger system for reporting federal expenditures accurately.

EFFECT

There is potential loss of funding due to the Department not being able to accurately report the way that federal funding is being spent.

CAUSE

During the conversion of the general ledger system, the adjustments that were posted for the grants were not captured in the report that was submitted.

RECOMMENDATION

We recommend that the Department establish procedures for federal reporting to include the use of the general ledger.

MANAGEMENT RESPONSE

We agree with the finding. Adjustments will have to be made to the Federal Financial Reports (SF269). The additional expenses in the General Ledger were not captured because of multiple problems posting payroll, and Journal Vouchers posted after the Federal Financial reports were submitted. For the Homeland Security Grants, the Office of Emergency Management verified expenditures and initiated Journal Entries.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**08-8 Access To Recovery-Level Of Effort**

**Federal Program:**

Office of Justice Programs, Bureau of Justice Assistance, Department of Justice  
Edward Byrne Memorial Formula Grant Program– CFDA 16.579  
Grant No.2003-GB-CX-0536, Project Period October 1, 2006 – September 30, 2007  
Grant No.2004-DB-BX-0006, Project Period October 1, 2003 – September 30, 2007  
Grant No.2005-DJ-BX-0839, Project Period October 1, 2004 – October 31, 2009

Office of Community Oriented Policing Services, Department of Justice  
Public Safety Partnership and Community Policing Grants– CFDA 16.710  
Grant No. 2006-CK-WX-0201, Project Period November 22, 2005 – November 21, 2008

Federal Motor Carrier Safety Administration, Department of Transportation  
National Motor Carrier Safety– CFDA 20.218  
Grant No.BE-07-35-1, Project Period October 1, 2006 – September 30, 2008  
Grant No.MN-07-35-1, Project Period October 1, 2006 – September 30, 2008

Department of Homeland Security  
Homeland Security Grant Program– CFDA 97.067  
Grant No.2004-GE-T4-0005, Project Period November 20, 2007 – June 30, 2008

QUESTIONED COSTS      Unknown

**CONDITION**

During our test work of payroll, on 12 out of 25 tested charged to federal programs, we noted that the Department does not maintain after the fact level of effort certification for administrative employees whose full salary is paid with federal grant monies.

**CRITERIA**

Per OMB Circular A-87 attachment B, sec8.h. for time being charged to a single federal award:

“(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.”

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-8 Access To Recovery-Level Of Effort (Continued)

CRITERIA (CONTINUED)

For time being charged to more than one Federal award:

“(5) Personnel activity reports or equivalent documentation must meet the following standards: (a) They must reflect an after-the-fact distribution of the actual activity of each employee, (b) They must account for the total activity for which each employee is compensated, (c) They must be prepared at least monthly and must coincide with one or more pay periods, and (d) They must be signed by the employee. (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes...”

EFFECT

Non-compliance with level of effort requirement can cause a reduction in grant funding.

CAUSE

The Department has not implemented the proper controls to obtain and maintain after the fact documentation to support the work performed for and charged to federal programs.

RECOMMENDATION

We recommend that the Department implement a policy for preparing and maintaining after the fact level of effort certifications in compliance with OMB Circular A-87 for employees whose salary is funded through federal money.

MANAGEMENT RESPONSE

The Department agrees that certifications are necessary to support federally-funded salaries. We will immediately begin obtaining these certifications on a quarterly basis.



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-9 Schedule of Expenditures of Federal Awards Reconciliation – Material Weakness

Federal Programs:

16.579	JAG - Justice Assistance Grant
20.218	MCSAP - National Motor Carrier Safety
16.710	COPS - Community Oriented Policing Services
16.800	HIDTA – High Intensity Drug Trafficking Area
81.106	WIPP – Waste Isolation Pilot Plant
20.600	Operation DWI
16.738	JAG – Justice Assistance Grant
97.067	Stonegarden/BOMB/Target

QUESTIONED COSTS      NONE

CONDITION

The Department is not closing out old grant projects timely. The Department is also not verifying that cash receipts at the State Treasurer’s Office are applied correctly to the grants. During the audit, we requested the Department revise the Schedule of Expenditures of Federal Awards (SEFA), which resulted in adjusting journal entries to: Unbilled Accounts Receivable - \$6.6 million, Due From Federal Government - \$7.7 million, Federal Grant Revenue - \$5 million, and Other Financing Uses - \$2.4 million, among other accounts.

CRITERIA

Good accounting practices and Section 3 of OMB Circular A-102 require grants to be closed timely and an accurate SEFA with annual reconciliations.

EFFECT

Without proper closure of grants, the Department could lose money from the federal government by not requesting reimbursements timely from grant closure. The Department could also owe the federal government money for overcharges or deferred amounts which were never earned and followed up on.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

**C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**08-9 Schedule of Expenditures of Federal Awards Reconciliation – Material  
Weakness (Continued)**

CAUSE

The Department does not have adequate controls, staffing, or procedures in effect to ensure this is performed.

RECOMMENDATION

We recommend assigning central responsibility for grant closures and for a monthly review of the SEFA to ensure old balances are not carried forward without investigation and that cash receipts are posted to the correct grants.

MANGEMENT RESPONSE

The Department agrees that grant records should be maintained accurately and in a timely manner. Due to both staff shortages and continual turnover, adequate work was not performed on the grant financial records including the ending accounts receivable balances. Management was not aware of the extent of the problems and the employee who prepared the previous year's SEFA left the agency in April 2008. In addition, the Department's accounting system is not designed to adequately maintain accounts receivable information, so records must be compiled manually; a monthly reconciliation is not practical. The Department will make a concerted effort to improve federal grant accounting.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-10 Equipment-Records of Property Acquired with  
Federal Awards:

**Federal Program:**

Department of Homeland Security

Homeland Security Grant Program – CFDA 97.067

Grant No. 2007-SG-N6-0001, Project Period March 15, 2007 – October 31, 2008

Grant No. 2004-GE-T4-0005, Project Period November 20, 2007 – June 13, 2008

Grant No. 2006-GR-T6-0064, Project Period October 19, 2007 – June 15, 2008

Grant No. 2006-GE-T6-0064, Project Period August 1, 2007 – June 30, 2008

Office of National Drug Control Policy

HIDTA Grant – CFDA 16.880

Grant No. I7PSNP651Z, Project Period July 1, 2007 – June 30, 2009

National Highway Traffic Safety Administration, Department of Transportation

State and Community Highway Safety – CFDA 20.600

Grant No. DPS07ALK8071SP, Project Period October 1, 2006 – September 30, 2007

Grant No. DPSTSB08ALK8071, Project Period October 1, 2007 – September 30, 2008

Grant No. DPS08ALK8071QWI, Project Period October 1, 2007 – September 30, 2008

QUESTIONED COSTS      NONE

CONDITION

During our walk through over federal equipment internal controls, we noted that the Department does not maintain accurate records over property acquired with federal awards, such that it could be distinguished from property acquired by other means. Procedures do not exist to identify the risk of misappropriation or improper disposition of property acquired with federal awards.

CRITERIA

Per the grant agreements, it is required to retain records for the purpose of undertaking for which such funds were used, the amount and nature of all contributions from other sources. Such records shall be preserved for a period of not less than 6 years.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-10 Equipment-Records of Property Acquired with  
Federal Awards: (Continued)

EFFECT

If the equipment can not be identified as federal purchased, than it cannot be distinguished from equipment purchased from other sources which is required by the grant agreement. Non-compliance with the equipment requirement may cause a reduction in government funding.

CAUSE

The Department does not have a control system in place to distinguish federal purchased equipment from equipment purchased from other sources.

RECOMMENDATION

We recommend that the Department develop written procedures and implement the controls to identify risks and track federal equipment properly.

MANAGEMENT RESPONSE

The Department agrees that grant records should be maintained accurately and in a timely manner. Due to both staff shortages and continual turnover, adequate work was not performed on the grant financial records including an inventory of grant equipment purchased. The Department will make a concerted effort to improve federal grant accounting, including the tracking of equipment purchased with federal funds.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-11 Equipment-Physical Inventory Counts of Property Acquired With Federal  
Awards

**Federal Program:**

Department of Homeland Security

Homeland Security Grant Program – CFDA 97.067

Grant No. 2007-SG-N6-0001, Project Period March 15, 2007 – October 31, 2008

Grant No. 2004-GE-T4-0005, Project Period November 20, 2007 – June 13, 2008

Grant No. 2006-GR-T6-0064, Project Period October 19, 2007 – June 15, 2008

Grant No. 2006-GE-T6-0064, Project Period August 1, 2007 – June 30, 2008

Office of National Drug Control Policy

HIDTA Grant – CFDA 16.880

Grant No. I7PSNP651Z, Project Period July 1, 2007 – June 30, 2009

National Highway Traffic Safety Administration, Department of Transportation

State and Community Highway Safety – CFDA 20.600

Grant No. DPS07ALK8071SP, Project Period October 1, 2006 – September 30, 2007

Grant No. DPSTSB08ALK8071, Project Period October 1, 2007 – September 30, 2008

Grant No. DPS08ALK8071QWI, Project Period October 1, 2007 – September 30, 2008

QUESTIONED COSTS      NONE

CONDITION

During our walk through over federal equipment internal controls, we noted that the Department does not periodically take a physical inventory count of property acquired with federal awards.

CRITERIA

Per the grant agreements, there are specific requirements to track and keep necessary records for property management. Physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment. This is important for the replacement and disposition of property.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**08-11 Equipment-Physical Inventory Counts of Property Acquired With Federal  
Awards (Continued)**

**EFFECT**

Non-compliance with the physical inventory of equipment requirement may cause a reduction in government funding.

**CAUSE**

The department does not have a control process in place to follow-up on the reconciliation of the physical inventory to verify that the inventory matches the equipment records.

**RECOMMENDATION**

We recommend that the Department develop written procedures and implement the controls over the physical inventory of federal equipment and not only to take proper physical inventory but to follow-up on the reconciliation to the equipment records.

**MANAGEMENT RESPONSE**

The Department agrees that grant records should be maintained accurately and in a timely manner. Due to both staff shortages and continual turnover, adequate work was not performed on the grant financial records including an inventory of grant equipment purchased. The Department will make a concerted effort to improve federal grant accounting, including the tracking of equipment purchased with federal funds.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**08-12 Equipment-Disposals Of Property Acquired With Federal Awards**

**Federal Program:**

Department of Homeland Security

Homeland Security Grant Program – CFDA 97.067

Grant No. 2007-SG-N6-0001, Project Period March 15, 2007 – October 31, 2008

Grant No. 2004-GE-T4-0005, Project Period November 20, 2007 – June 13, 2008

Grant No. 2006-GR-T6-0064, Project Period October 19, 2007 – June 15, 2008

Grant No. 2006-GE-T6-0064, Project Period August 1, 2007 – June 30, 2008

Office of National Drug Control Policy

HIDTA Grant – CFDA 16.880

Grant No. I7PSNP651Z, Project Period July 1, 2007 – June 30, 2009

National Highway Traffic Safety Administration, Department of Transportation

State and Community Highway Safety – CFDA 20.600

Grant No. DPS07ALK8071SP, Project Period October 1, 2006 – September 30, 2007

Grant No. DPSTSB08ALK8071, Project Period October 1, 2007 – September 30, 2008

Grant No. DPS08ALK8071QWI, Project Period October 1, 2007 – September 30, 2008

QUESTIONED COSTS      NONE

**CONDITION**

During our test work over Single Audit common controls we noted that DPS is not implementing appropriate management review over disposals of property acquired with federal awards to ensure appropriate valuation and reimbursement to federal awarding agencies.

**CRITERIA**

Per the grant agreements, there are requirements to track and keep necessary records for property management and accounting. This is essential for the replacement and disposition of property.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-12 Equipment-Disposals Of Property Acquired With Federal Awards  
(Continued)

EFFECT

Non-compliance with the disposal of federal equipment requirement may cause a reduction in government funding.

CAUSE

The department does not have a control in place to differentiate disposals of federal equipment from other equipment in order to ensure appropriate valuation and reimbursement to federal awarding agencies.

RECOMMENDATION

We recommend that the Department develop written procedures and implement the controls over the disposals of federal equipment in order to ensure proper handling of federal equipment.

MANAGEMENT RESPONSE

The Department agrees that grant records should be maintained accurately and in a timely manner. Due to both staff shortages and continual turnover, adequate work was not performed on the grant financial records including the disposal of grant equipment purchased. The Department will make a concerted effort to improve federal grant accounting, including the tracking of equipment purchased with federal funds.



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-13 Reporting-Approvals of Forms 269

**Federal Program:**

Office of Justice Programs, Bureau of Justice Assistance, Department of Justice  
Edward Byrne Memorial Formula Grant Program – CFDA 16.579  
Grant No. 2005-DJ-BX-0839, Project Period October 1, 2004 – September 30, 2008

QUESTIONED COSTS      NONE

CONDITION

During our test work over reporting on Form 269 we noted on one out three instances tested for this grant that the federal reimbursement request form was not signed by properly approved, as evidenced by the signature Department personnel with approving authority. This occurred on the first quarter (7/1 – 9/30/07) report which was filed on 11/18/07.

CRITERIA

Good systems of internal control dictate that adequate management oversight be exercised to ensure adherence to established internal controls and proper valuation.

EFFECT

Inadequate management review can have an increased risk of error or fraud in the financial records.

CAUSE

The department did not have proper controls to detect unsigned reports.

RECOMMENDATION

We recommend that the Department implement a supervisory review to ensure proper signatures and pertinent information is disclosed on all financial reports.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-13 Reporting-Approvals of Forms 269 (Continued)

MANAGEMENT RESPONSE

The Department agrees that grant reports should be signed by authorized staff. Many of the reports are currently prepared and submitted by program staff rather than the Finance Bureau staff. The Department will make a concerted effort to improve federal grant accounting, including coordinating between Finance Bureau and program staff to ensure that all reports are both accurate and timely.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-14 Controls Over Receipt of Reimbursements of Federal Awards – Material Weakness

**Federal Program:**

Department of Homeland Security

Homeland Security Grant Program – CFDA 97.067

Grant No. 2007-SG-N6-0001, Project Period March 15, 2007 – October 31, 2008

Grant No. 2004-GE-T4-0005, Project Period November 20, 2007 – June 13, 2008

Grant No. 2006-GR-T6-0064, Project Period October 19, 2007 – June 15, 2008

Grant No. 2006-GE-T6-0064, Project Period August 1, 2007 – June 30, 2008

Department of Transportation

Federal Motor Carrier Safety Administration – CFDA 20.218

Grant No. BE-06-35-1, Project Period July 1, 2006 – September 30, 2007

QUESTIONED COSTS      NONE

CONDITION

During our test work over reporting of Form 269 we noted that the Department had requested reimbursement of funds but had not received the funds. There was no supporting documentation for the request because it is hand delivered, therefore, there is no control to ensure appropriate and timely follow up regarding reimbursements requested but not yet received by the Department and there is not an adequate control to ensure that there is proof of submission when performing follow up on amounts requested for but not yet received.

In another instance we noted a deposit from the Federal Motor Carrier Safety Administration in the amount of \$485,813.67 that was invoiced on January 9, 2008 and has not been received to date. Upon further research (due to the fact that this deposit was selected for our federal grants receivable test work) it was discovered that State Treasurer's Office received the money on January 17, 2008 and credited the funds to the Department of Transportation on August 23, 2008.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

**C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**08-14 Controls Over Receipt of Reimbursements of Federal Awards – Material Weakness (Continued)**

CRITERIA

Based on the grant agreement, grant records include financial and program/progress reports, support documents, statistical records, and other documents that support the activity and/or expenditure of the recipient or sub-recipient under the award.

EFFECT

If there is no proof that the request for reimbursement was submitted by the period of availability date, there is a possibility that the granting agency will deny funding. On the other hand, the department may never receive the funding requested and would not realize it.

CAUSE

Procedures have not been established to ensure support documentation for proof of submittal of reports or to follow up on the receipt of draw downs that have been requested.

RECOMMENDATION

We recommend that management establish an adequate control system to obtain proof of submission for reports and follow up to make sure that reimbursements requested were in fact received.

MANAGEMENT RESPONSE

The Department agrees that grant financial records should be accurate. Many of the grant reports are currently prepared and submitted by program staff rather than the Finance Bureau staff. Due to both staff shortages and continual turnover, the Finance Bureau was unable to monitor the reports prepared by program staff, including follow-up on reimbursement requests. The Department will make a concerted effort to improve federal grant accounting, including coordinating between Finance Bureau and program staff to ensure that all reports are both accurate and timely, and to ensure that money is received from the various federal agencies.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-15 Segregation of Duties-Allowable Costs, Cash Management and Reporting

**Federal Program:**

National Highway Traffic Safety Administration, Department of Transportation

State and Community Highway Safety – CFDA 20.600

Grant No. DPS07ALK8071SP, Project Period October 1, 2006 – September 30, 2007

Grant No. DPSTSB08ALK8071, Project Period October 1, 2007 – September 30, 2008

Grant No. DPS08ALK8071QWI, Project Period October 1, 2007 – September 30, 2008

QUESTIONED COSTS            NONE

CONDITION

The program manager for this grant is solely responsible for expenditures, draw-downs, and project accounting/reporting. There is no mechanism for approval and monitoring of the program manager's duties on a day-to-day basis.

CRITERIA

Good systems of internal controls dictate that duties be appropriately segregated and that adequate management oversight be exercised to ensure adherence to established internal controls.

EFFECT

There is increased risk of reporting and financial errors or fraud going undetected.

CAUSE

Policies and procedures have not been established to ensure a good system over internal controls over the administration of this grant.

RECOMMENDATION

We recommend that management establish an adequate system of internal controls for this and all grants.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**08-15 Segregation of Duties-Allowable Costs, Cash Management and Reporting  
(Continued)**

**MANAGEMENT RESPONSE**

The Department agrees that grant reports should be completed accurately and in a timely manner. Due to both staff shortages and continual turnover, the Finance Bureau was unable to monitor the reports prepared by program staff. The Department will make a concerted effort to improve federal grant accounting, including coordinating between Finance Bureau and program staff to ensure that all reports are both accurate and timely.

STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008

C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)

08-16 Supporting Documentation for Matching Requirements

**Federal Program:**

Federal Motor Carrier Safety Administration, Department of Transportation  
National Motor Carrier Safety – CFDA 20.218  
Grant No. MC-07-35-1, Project Period October 1, 2006 – September 30, 2008

QUESTIONED COSTS      Unknown

CONDITION

During our testwork to verify matching requirement, it was noted that two out of eight employee Labor Distribution Time Records did not sum correctly for the week. The hours worked on a daily basis were documented but the total for the week did not add up correctly and there was not enough information to determine that the employee's weekly hours total was eligible work for the grant. This caused a lack of review and recalculation of the time records. This condition was noted on pay period periods that occurred on 3/10/06 and again 7/28/06.

CRITERIA

Based on the Department of Transportation's A-133 compliance requirements, the matching requirements are established by the grant agreement. Based on the grant agreement, it is noted that the state's matching requirement is \$130,000. It is part of a good control system that this requirement be verifiable from the recipient's records.

EFFECT

By not effectively reviewing the time card records, there could have been a risk of not meeting the matching requirements which can cause a reduction in government funding. Per review of the general ledger, the department far surpassed the matching requirement.

CAUSE

Management does not have proper controls in place to ensure that that supporting documentation for salaries that are used to meet the match have a proper supervisory review to assess the accuracy, allowability and verifiability of the transaction.

**STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2008**

**C. SINGLE AUDIT COMPLIANCE - FINDINGS AND QUESTIONED COSTS  
(CONTINUED)**

**08-16 Supporting Documentation for Matching Requirements (Continued)**

RECOMMENDATION

We recommend that management put in place a system of controls so that supporting documentation for salaries that are used to meet the match have a proper supervisory review to assess the accuracy, allowability and verifiability of the transaction.

MANAGEMENT RESPONSE

The Department agrees that grant financial records should be complete and accurate. Due to both staff shortages and continual turnover, the Finance Bureau was unable to monitor the grant matching requirements. The Department will make a concerted effort to improve federal grant accounting, including coordinating between Finance Bureau and program staff to ensure that matching requirement are met and documented.



STATE OF NEW MEXICO  
DEPARTMENT OF PUBLIC SAFETY  
EXIT CONFERENCE  
Year Ended June 30, 2008

An exit conference was held on January 9, 2009. Attending were the following:

Representing the Department of Public Safety:

John Denko, Cabinet Secretary  
Faron Segotta, Deputy Secretary-Operations/Chief  
Mike Mier, Technical Support Division  
Cynthia M. Pittman, CFO  
Stacy Lopez, Finance Bureau Chief

Representing Moss Adams LLP:

Larry Carmony, Partner  
Audrey Jaramillo, Manager

The financial statements were prepared with the assistance of Moss Adams LLP.