



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

**FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

June 30, 2014

atkinson

PRECISE. PERSONAL. PROACTIVE.

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State of New Mexico
Department of Public Safety

OFFICIAL ROSTER

June 30, 2014

Name	Title
Gregory J. Fouratt	Cabinet Secretary
Patrick Mooney	Deputy Secretary-Statewide Law Enforcement Support Program
Pete N. Kassetas	Deputy Secretary- Law Enforcement Program/NMSP Chief
Scott Weaver	Acting Deputy Secretary, Statewide Law Enforcement Support Program
Division Directors	
Vacant	Administrative Services Division
Dianna DeJarnette	Acting ASD Director
Captain Tim Johnson	Special Investigations Division
Jack F. Jones	Training and Recruiting Division
Ronald Burton	Technical Support/Information Technology Division
Deputy Chief Jimmy Glascock	Motor Transportation Police Division



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Mr. Gregory J. Fouratt, Secretary
State of New Mexico
Department of Public Safety
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, 2014, and the respective changes in financial position and the respective 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 as of June 30, 2014, and the respective changes in the financial position and the budgetary comparisons of the non-major capital projects and special revenue funds for the year 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 budgetary comparison statements for the year ended June 30, 2014, referenced in the table of contents, in conformity with the budgetary basis of accounting more fully described in Note B, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note B1, 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, 2014, 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. Our opinion was not modified for this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America,

which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

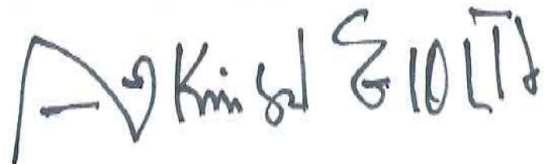
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of changes in fiduciary assets and liabilities – agency funds, schedule of cash, schedule of expenditures of federal awards, and statement of fiduciary assets and liabilities – agency funds listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The 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 also not a required part of the basic financial statements.

The schedule of changes in fiduciary assets and liabilities - agency funds, statement of fiduciary assets and liabilities - agency funds, schedule of cash and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the agency funds statements and schedules and the schedule of cash are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Atkinson & Co., Ltd.", with a stylized logo to the left consisting of a large 'A' and a checkmark-like shape.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
December 8, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2014

The following **Management's Discussion and Analysis**, or MD&A, for the State of New Mexico, Department of Public Safety (the Department) introduces the basic financial statements and provides an analytical overview of the Department's financial condition and results of operations as of and for the year ended June 30, 2014. The MD&A also provides a discussion of significant changes in the account categories presented in the entity-wide **Statement of Net Position and Statement of Activities**. This summary should not be taken as a replacement for the basic financial statements.

The MD&A is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in GASB Statement No. 34, **Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments** issued in June 1999; GASB Statement No. 37, **Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus**, an amendment to GASB Statements No. 21 and No. 34 issued in June 2001; and GASB Statement No. 38, **Certain Financial Statement Note Disclosures** issued in June 2001.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Although the Department is one of several agencies within the government of the State of New Mexico, the focus of this financial report is only on the Department and not the State of New Mexico taken as a whole. The financial statements include the following three elements: (1) **Management's Discussion and Analysis**, (2) the **Basic Financial Statements**, and (3) **Other Supplementary Information**. The basic financial statements include two kinds of statements that present different views of the Department:

- The first two statements are **Entity-Wide Financial Statements** that report information about the Department's overall financial condition and results of operations, both long-term and short-term, using accounting methods similar to those used by private-sector companies. The **Statement of Net Position** includes all of the Department's assets, liabilities, and net position. All revenues and expenses are accounted for in the **Statement of Activities** regardless of when cash is received or disbursed. The remaining statements are fund financial statements.
- **Governmental Funds Statements**, including the **Balance Sheet** and the **Statement of Revenues, Expenditures, and Change in Fund Balance**, focus on individual parts of the Department, reporting the Department's financial condition and results of operations in more detail than the entity-wide statements, and tell how general government services were financed in the short-term as well as what remains for future spending. Emphasis is on the general and major funds. Other governmental funds are summarized in a single column.
- **Statement of Revenues and Expenditures – Budget and Actual (Non-GAAP Budgetary Basis)** reports the original approved budget, final approved budget and actual results presented on the budgetary basis of reporting for all funds and dedicated appropriations. A separate column is presented to report any variances between the final budget and actual amounts.
- **Statement of Fiduciary Net Position** provides information about the financial relationships in which the Department acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

State of New Mexico
Department of Public Safety

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS – CONTINUED

Additional details about the basic financial statements are found in the *Notes to the Financial Statements* and the *Other Supplementary Information* sections.

FINANCIAL ANALYSIS OF THE DEPARTMENT AS A WHOLE

The following condensed financial information was derived from the entity-wide financial statements and compares the current year to the prior year:

	Current Year June 30, 2014	Prior Year June 30, 2013	Increase or (Decrease)	Percent Change
Assets				
Current assets	\$ 14,285,318	\$ 17,298,643	\$ (3,013,325)	(17.4) %
Capital assets	16,449,459	14,660,783	1,788,676	12.2 %
Total assets	<u>30,734,777</u>	<u>31,959,426</u>	<u>(1,224,649)</u>	(3.8) %
Liabilities				
Current liabilities	9,778,167	10,788,207	(1,010,040)	(9.4) %
Long-term liabilities	2,087,358	1,947,324	140,034	7.2 %
Total liabilities	<u>11,865,525</u>	<u>12,735,531</u>	<u>(870,006)</u>	(6.8) %
Net position				
Net investment in capital assets	16,449,459	14,660,783	1,788,676	12.2 %
Restricted	2,419,793	4,563,112	(2,143,319)	(47.0) %
Unrestricted	-	-	-	- %
Total net position	<u>\$ 18,869,252</u>	<u>\$ 19,223,895</u>	<u>\$ (354,643)</u>	(1.8) %
Program revenues and expenses				
Program revenues	\$ 15,611,983	\$ 16,976,307	\$ (1,364,324)	(8.0) %
Program expenses	121,264,535	117,607,441	3,657,094	3.1 %
Net revenues (expenses)	(105,652,552)	(100,631,134)	(5,021,418)	5.0 %
General revenues (expenses)				
General Fund appropriations	96,513,200	94,527,700	1,985,500	2.1 %
Road Fund appropriations	5,844,300	5,764,100	80,200	1.4 %
Weight Distance Tax Permit Fund appropriations	1,265,900	1,200,000	65,900	5.5 %
Other sources	1,532,200	191,008	1,341,192	702.2 %
Other uses	-	-	-	- %
Total general revenues (expenses)	<u>105,155,600</u>	<u>101,682,808</u>	<u>3,472,792</u>	3.4 %
Gain or (loss) on disposal of capital assets	488,701	204,703	283,998	138.7 %
Reversions to State General Fund and other agencies	(346,392)	(409,963)	63,571	(15.5) %
Change in net position	(354,643)	846,414	(1,201,057)	(141.9) %
Beginning net position	<u>19,223,895</u>	<u>18,377,481</u>	<u>846,414</u>	4.6 %
Ending net position	<u>\$ 18,869,252</u>	<u>\$ 19,223,895</u>	<u>\$ (354,643)</u>	(1.8) %

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

FINANCIAL ANALYSIS OF THE DEPARTMENT AS A WHOLE – CONTINUED

Significant factors impacting the Department's financial position and results of operations during the year ended June 30, 2014 are as follows:

Total Assets decreased by \$1,224,649 or 3.8 percent as follows:

- **Current Assets** decreased by \$3,013,325 or 17.4 percent due to decreases in Investment in the State Treasurer's General Fund Investment Pool as the Department liquidated a greater amount of accounts payable during the fiscal year resulting in a reduction in Accounts Payable. Federal Grants Receivable decreased due to a reduction in federal grant funding.
- **Capital Assets** increased by \$1,788,676 or 12.2 percent as current-year automobile and data processing additions were greater than current-year depreciation expense. The net book value of asset retirements and disposals were slightly more than their accumulated depreciation at the time of retirement or disposal.

Total Liabilities decreased by \$870,006 or 6.8% percent as follows:

- **Current Liabilities** decreased by \$1,010,040 or 9.4 percent due to decreases in Accounts Payable and Due to State General Fund for the reversion, which was offset by increases in Accrued Salaries & Benefits Payable and Compensated Absences due within one year.
- **Long-Term Liabilities** increased by \$140,034 or 7.2 percent due to an increase in Compensated Absences due after one year

Total Net Assets decreased by \$354,643 or 1.8 percent as follows:

- **Investment in Capital Assets** increased by \$1,788,676 or 12.2 percent as current-year automobile and data processing additions were greater than current-year depreciation expense. The net book value of asset retirements and disposals were slightly more than their accumulated depreciation at the time of retirement or disposal.
- **Restricted Net Assets** decreased by \$2,143,319 or 47.0 percent.
- The Department had no **Unrestricted Net Assets** at June 30, 2014 or June 30, 2013.

Net Program Activity decreased by \$5,021,418 or 5.0 percent as follows:

- **Program Revenues** decreased by \$1,364,324 or 8.0 percent primarily due to reductions in grant funding.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

FINANCIAL ANALYSIS OF THE DEPARTMENT AS A WHOLE – CONTINUED

- **Program Expenses** increased by \$3,657,094 or 3.1 percent primarily due to an increase in the Department's general fund base appropriation and the receipt of two employee compensation packages. See **General Fund Appropriations** and **Other Sources** discussions on the next page.
- **Deficiency of Program Revenues over Program Expenses** increased by \$5,021,418 or 5.0 percent. See discussion on the previous page.
- **General Fund Appropriations** increased by \$1,985,500 or 2.1 percent over the prior year's appropriations. The base appropriation increased by \$4,914,200 and the Department received a \$400,000 special appropriation to replace vehicles in the Law Enforcement Program, which was offset by three special appropriations whose total revenues of \$3,328,700 were received in FY 2013.
- The **Road Fund Appropriation** increased by \$80,200 or 1.4 percent for personal services.
- The **Weight Distance Tax Permit Appropriation** increased by \$65,900 or 5.5 percent for personal services.
- **Other Sources** increased by \$1,341,192 or 702.2 percent due to receipt of two General Fund employee compensation packages totaling \$1,282,201. There was one non-operating budget payout of \$250,000 from the Peace Officers Survivors Fund during FY 2014.
- The Department recognized a \$488,701 **Gain on Disposal of Capital Assets** for an increase of \$283,998 or 138.7 percent increase over last year.
- The Department's reversion of \$346,392 is recorded as a \$341,735 **Reversion to State General Fund** for the general fund appropriation, two expired data processing appropriations, one expired special appropriation, and other state funds. The NMDOT Road Fund reversion of \$4,347 and the NMTRD Weight Distance Tax Permit Fund reversion of \$310 are recorded as a Due To Other State Agencies. The total reversion decreased by \$63,571 for a 15.5 percent reduction.
- **Ending Net Assets** decreased by \$354,643 or 1.8 percent. The Department had no restatements or prior-year adjustments to their financial statements. See discussion under **Current Assets** on the previous page.

State of New Mexico
Department of Public Safety

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

FINANCIAL ANALYSIS AT THE FUND LEVEL

The following analysis was derived from the fund financial statements and compares the current year fund balances to the prior year:

	Fund Balance			
	Current Year June 30, 2014	Prior Year June 30, 2013	Increase or (Decrease)	Percent Change
General Fund	\$ 576,208	\$ 3,578,225	\$ (3,002,017)	(83.9) %
Special revenues	6,071,466	4,858,119	1,213,347	25.0 %
Capital projects	100,899	100,899	-	0.0 %
Total	<u>\$ 6,748,573</u>	<u>\$ 8,537,243</u>	<u>\$ (1,788,670)</u>	(21.0) %

The decrease in the **General Fund** fund balance is due to three special appropriations whose revenues were received in prior years and were expended this fiscal year, which was offset by one special appropriation whose revenue was received this year but will be expended in FY 2015. The increase in the **Special Revenues** fund balance is due to increases in three of the Department’s non-reverting funds (US Department of Justice Federal Forfeitures, US Treasury Federal Forfeitures, State Chemist Fees and Concealed Handgun Carry Fees).

GENERAL BUDGETARY HIGHLIGHTS

The General Appropriation Act, Laws of 2013, First Session, Chapter 227, Section 4 included an FY 2014 general fund appropriation of \$96,113,200 for the Department. The appropriation was \$4,914,200 more than the FY 2013 revised appropriation of \$91,199,000 for a 5.4% increase of addition-to-base funding for these items:

- \$1,884,900 to replace law enforcement patrol vehicles;
- \$1,651,300 for increased group insurance and retirement costs;
- \$1,079,000 to fill critical vacant positions throughout the Department;
- \$132,000 for NMSP operational needs;
- \$96,000 for Victim Identification & Notification Everyday (VINE) software support; and
- \$71,000 for building & structure repairs.

The Department received two general fund Section 8 Compensation Appropriations totaling \$1,282,201 which are included in **Other Sources** as part of the State General Fund appropriation:

- \$431,800 for a one-percent increase for all eligible employees; and
- \$850,401 for a three-percent increase for commissioned officers.

Compensation appropriations are classified as Other Sources in the initial year, and are added to the Department’s general fund appropriation in subsequent fiscal years.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

GENERAL BUDGETARY HIGHLIGHTS – CONTINUED

Original revenues and expenditures for the Department's Fund 12800 operating budget were increased by \$399,220 during FY 2014 from \$137,211,400 to \$137,610,620 for one grant and two program revenue activities:

- \$229,220 to secure the United States-Mexico border from the U.S. Department of Homeland Security's Operation Stonegarden;
- \$130,000 in Law Enforcement Records Bureau fees; and
- \$40,000 for registration fees received for hosting the 2014 New Mexico Gang Conference.

The Department received funding for two appropriations totaling \$650,000 during FY 2014:

Section 5 – Special

- \$400,000 General Fund to replace law enforcement vehicles that ends on June 30, 2015. The full amount is included in the Department's General Fund restricted fund balance at June 30, 2014 for expenditure in FY 2015.

Section 7 – Data Processing

- \$300,000 Other Sources to initiate replacement of the computer aided dispatch system that ended on June 30, 2014. \$244,080 was expended and the balance of \$5,920 is included in the Department's FY 2014 Reversion to the State General Fund.

The Department submitted one non-operating budget increase for \$250,000 from Peace Officers Survivors Fund 34600 for the family of Sandoval County Sheriff's Office Deputy Robert Baron who was killed in the line of duty on December 6, 2013.

There were no budgetary variances (i.e., excess expenditures over appropriations) to be reported for the fiscal year.

DEPARTMENT ACCOMPLISHMENTS

The primary objective of the **New Mexico State Police** (NMSP) is to focus on, and address issues impacting public safety. DWI and the related damage, injuries and deaths caused by DWI are a priority. Another priority is addressing quality of life issues at the local level. NMSP has implemented data-driven tactics to better utilize our limited resources in combating these problems.

NMSP provides professional expertise in the area of criminal investigation to any local law enforcement agency requesting assistance, including:

- Crime scene investigation;
- Criminal investigation;
- Public corruption investigations; and
- Officer-involved shooting investigations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

DEPARTMENT ACCOMPLISHMENTS – CONTINUED

NMSP actively collaborates with tribal partners in New Mexico. Special Law Enforcement Commissions (SLEC) and Memoranda of Understanding (MOU) continue to be pursued with tribal partners to enhance public safety everywhere in New Mexico. NMSP recently negotiated a new MOU with the Jicarilla Apache Nation for the cross-commissioning of officers as well.

During FY 2014, NMSP Uniform Services:

- Averaged 2,627 additional calls-for-service per each of the twelve districts;
- Spearheaded or participated in 915 DWI checkpoints and saturation patrols;
- Arrested 2,223 persons for DWI;
- Held 1,692 traffic-related enforcement operations;
- Issued 186,047 citations; and
- Conducted 19,363 criminal investigations in conjunction with the Investigations Bureau.

The Special Operations Bureau is comprised of specialized law enforcement teams and the Department's fleet management team. Special Operations teams responded to 718 calls-for-service. The highly-skilled teams include:

- Bomb Team
- Motorcycle Unit
- Crash Reconstruction Unit
- Emergency Response Team
- Tactical Team
- Search & Recovery Dive Team
- Crisis Negotiation Team
- Tactical Emergency Medical Support Team
- Search & Rescue
- Honor Guard
- Aircraft
- Canine Enforcement Unit (K-9)

The K-9 Team seized 750 pounds of marijuana, 11 pounds of heroin, 64 pounds of crystal methamphetamine, and identified 72 major criminals.

The Investigations Bureau provides professional expertise to any local law enforcement agency requesting our assistance including crime scene investigation, criminal investigation and public corruption investigation. Major accomplishments include:

- The clearance rate for homicide investigations was 86% which is well above the national average of 62%;
- Conducted 19,363 criminal investigations in conjunction with Uniform Services;
- Conducted 738 drug-related investigations;
- Conducted 163 Crime Scene Team missions for both NMSP and local and federal law enforcement agencies;

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

DEPARTMENT ACCOMPLISHMENTS – CONTINUED

- Investigated 8 NMSP officer-involved shootings and assisted in 14 other investigations for local law enforcement agencies;
- Conducted narcotic investigations in 28 of the State's 33 counties including highway interdictions, 52 undercover purchases and controlled buys, 1,618 narcotics arrests, and the dismantling of 4 methamphetamine laboratories; and
- Drug seizures included 202 pounds of methamphetamine, 33 pounds of heroin, 200 pounds of cocaine, and 3,072 pounds of marijuana.

The **Special Investigations Division** (SID) has the unique responsibility of being the tip of the spear when it comes to eradicating the DWI problem in New Mexico. Agents make a direct impact on the problem of drinking and driving as they can stop intoxicated persons from getting behind the wheel through their direct presence in bars, restaurants and stores, as well as by educating industry personnel and observing serving practices. Major accomplishments include:

- 4,682 licensed alcohol premise inspections;
- 204 minor alcohol compliance operations;
- 127 violations for sales to intoxicated persons;
- 382 educational presentations to liquor licensees; and
- 26 educational presentations to law enforcement agencies.

The **Motor Transportation Police** (MTP) improve commercial vehicle and public safety in New Mexico by conducting both driver and vehicle inspections, traffic enforcement, and high-visibility enforcement strategies to reduce unsafe driving behaviors around commercial motor vehicles. MTP officers and transportation inspectors enforce commercial vehicle size and weight laws to enhance safety, and reduce wear-and-tear of highway infrastructure.

The Federal government's implementation of stricter compliance regulations has resulted in greater voluntary compliance. This, coupled with an internal focus on traffic enforcement inspections, has led to a steady decrease in commercial motor vehicle citation issuance. The State of New Mexico receives \$355,000,000 in Federal Highway Trust Funds every year based upon MTP's annual size and weight plan, certification, and enforcement activities.

The Smart Roadside Inspection System (SRIS) received Harvard's Innovations in American Government Award as one of the top 5 government programs. SRIS is a multi-database data-driven program that incorporates registration, tax, US Department of Transportation and safety data to efficiently enhance compliance with commercial vehicle laws in New Mexico.

Officers and transportation inspectors utilized license plate readers and other electronic screening methods to assist in the interdiction of unsafe motor carriers while minimizing impact on commerce.

Despite high vacancy rates, 76,000 driver and commercial vehicle inspections were conducted in FY 2014 which exceeded the Federal Motor Carrier Safety Administration's target performance expectations of 67,600.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

DEPARTMENT ACCOMPLISHMENTS – CONTINUED

To improve the safety of motor carriers on New Mexico interstates, staff conducted 43 safety trainings throughout the State, surpassing the performance measure goal of 32.

Fifty MTP and NMSP officers were trained and certified to monitor radiological shipments from their patrol units, and to maintain communication with the shipment drivers as a public safeguard. Staff are trained and equipped to determine if there is any contamination due to the release of radiological materials, and in subsequent critical incident management to prevent further contamination and limit radiological exposure to emergency response personnel and the public.

In support of other statewide traffic safety initiatives, MTP officers issued over 13,000 non-commercial vehicle citations.

The **New Mexico Law Enforcement Academy (NMLEA)** has a statutory requirement to provide basic training to law enforcement officers and dispatchers at no cost to local law enforcement agencies. Duties include:

- Establish rules, policies, qualifications, and standards for the employment, certification, and training of law enforcement officers and public safety dispatchers;
- Research, develop and provide both basic and advanced courses of instruction;
- Certify and oversee 8 satellite law enforcement academies throughout the State;
- Ensure compliance with the NMLEA Board rules and regulations;
- Ensure safe and efficient maintenance of the NMLEA building, equipment and grounds;
- Ensure the safe and efficient maintenance of the live firearms range; and
- Adjudicate misconduct and complaint cases that can result in the denial, suspension or revocation of police officer and dispatcher certifications.

During FY 2014, NMLEA staff:

- Provided basic officer training and certification to 388 officers from law enforcement agencies throughout the State;
- Provided oversight of 625 total law enforcement officers graduating from basic police officer training at all academies throughout the State;
- Trained and certified 113 dispatchers;
- Issued 75 advanced officer training certifications;
- Provided 709 course accreditations to local, state and federal entities to teach in the State;
- Received 86 misconduct cases and adjudicated 67; and
- Provided 512 officers a total of 12,572 hours of training.

A more efficient and effective core curriculum for the basic police officer training academy was implemented during FY 2014, reducing class length from 22 weeks to 16 weeks to better meet customer needs. Training quality was enhanced with the use of reality-based, high-intensity scenario training.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

DEPARTMENT ACCOMPLISHMENTS – CONTINUED

Improvements were made to streamline the Officer Complaint Adjudication process. Five additional hearing officers were contracted to assist staff with the formal hearing process and to conduct investigations. Twenty-eight percent of all complaint cases received in FY 2014 were reviewed and adjudicated within the fiscal year; this rate is expected to improve in FY 2015 with additional resources.

Law enforcement agencies and criminal justice entities in New Mexico rely on the **Information Technology Division** (ITD) to provide accurate, complete and timely information for informed decisions. ITD provides access and services free-of-charge to authorized users for these systems:

- Automated Fingerprint Identification System (AFIS) - stores criminal and applicant fingerprints;
- Computer Aided Dispatch (CAD) - enables dispatchers to communicate directly with officers in the field via mobile data terminals (MDT). CAD serves NMSP, MTP and three New Mexico counties - Sierra, Valencia and Luna;
- New Mexico Criminal Justice Information System (NMCJIS) - repository of criminal history information;
- Law Enforcement Automated Data Services (LEADS) - an application installed on MDTs to provide access to the National Crime Information Center (NCIC), New Mexico Motor Vehicle Division (MVD), and NMCJIS files;
- New Mexico Law Enforcement Telecommunications System (NMLETS) - provides access to NMCJIS, NCIC, MVD, and the National Law Enforcement Telecommunications Switch (NLETS); and
- Technical & Network Service Support on a 24-7-365 basis to DPS, local law enforcement agencies, and criminal justice entities to access critical criminal justice information.

Major accomplishments in FY 2014 include:

- Implemented RapBack which provides authorized users (employers) with a notification if an employee has been arrested or convicted of a crime after being hired;
- Installed a firewall upgrade to improve security by replacing end-of-life firewalls;
- Released a Request For Proposal in June 2014 to replace the Computer Aided Dispatch system acquired in the mid-1990s, with replacement starting in late FY 2015 into FY 2016;
- Standardized collection of the State's Uniform Crime Reporting (UCR) data from local law enforcement agencies for reporting to the Federal Bureau of Investigations (FBI) electronically; and
- Implemented the Consolidated Offender Query (COQ) to merge and provides access to 305 New Mexico court, law enforcement and local criminal and juvenile justice agencies to whose easy access contributes to lowering incidents of domestic violence, driving under the influence, and overall crime in our local communities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

DEPARTMENT ACCOMPLISHMENTS – CONTINUED

The **Technical Support Division** (TSD) is comprised of two bureaus. The Forensic Laboratory Bureau (FLB) provides forensic support to all criminal justice agencies throughout New Mexico. This support includes quality forensic analyses that aid in the investigation of criminal activity, as well as expert testimony to assist in the prosecution or defense of individuals accused of criminal offenses. Laboratories are located in Santa Fe, Las Cruces and Hobbs. Staff support criminal justice agencies by providing training on the Laboratory's capabilities as well as the identification, collection, preservation and storage of physical evidence including:

- DNA and serology;
- Latent print, footwear and tire track;
- Controlled substance;
- Trace and fire debris; and
- Firearm, toolmark and serial number restoration.

Major accomplishments for FY 2014 include:

- Provided exemplary support to the State's judicial system by dedicating more than 1,355 hours to pre-trial interviews, preliminary hearings, and trials, and provided expert forensic testimony in over 187 state and federal criminal proceedings;
- Forensic cases completed:
 - 1,332 DNA
 - 1,013 latent print
 - 447 firearm and toolmark
 - 3,698 chemistry; and
- Provided comprehensive forensic training to law enforcement agencies and prosecutors.

The Law Enforcement Records Bureau (LERB) serves as the State's repository for all the fingerprint and criminal history records in the state. LERB also maintains the State Bureau files which include NMSP offense incident reports that have attachments, NMSP non-traffic citations and NMSP arrest and bookings. LERB manages and disseminates the law enforcement records for NMSP, MTP and SID. The repository is responsible for the fingerprint based applicant process for all statutorily mandated agencies that license and regulate employees. LERB is also responsible for Federal and State mandated criminal justice programs. These include the Sex Offender Registration and Notification Act, Missing Person's Clearinghouse, National Crime Information Center (NCIC), Triple III maintenance on criminal history records, Uniform Crime Reporting and Inspection of Public Records Act. LERB processed these transactions during FY 2014:

- Missing Persons Clearinghouse
 - Issued 225 Endangered Person Advisories
 - Issued 7 Silver Alerts
 - Entered 4,630 records and cleared 4,240 records
 - Maintained 390 active missing person files for New Mexico residents

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

DEPARTMENT ACCOMPLISHMENTS – CONTINUED

- Sex Offender Registry
 - Received and processed 75,554 registrations since March 2013
 - Maintained records on 3,932 registered offenders
 - Posted 2,764 of these offenders on the Department's website
 - Worked with law enforcement agencies to locate 48 offenders who are absconding from their obligation to register.

The Law Enforcement Records Bureau and the Information Technology Division collaborated on several major projects during FY 2014 including:

- Implemented the New Mexico Applicant Processing Service (NMAPS) in collaboration with NM Department of Health to provide applicant background checks as a service. This applicant background check solution is totally electronic and provides New Mexico residents the means to complete their required federal and state background checks quickly and conveniently.
- Added New Mexico RapBack Service to our current NMAPS. RapBack provides notification of subsequent criminal activity that occurs after the initial processing and retention of fingerprint transactions. The Department's Concealed Handgun Carry Unit received 20 RapBack notifications regarding current license holders, resulting in 9 revoked licenses and 11 suspended licenses since the service went live in April 2014.
- The Interstate Photo System Facial Recognition Pilot (IPSFRP) Project in collaboration with the FBI and the Albuquerque Police Department. New Mexico was the first state in the nation to pilot this project. IPSFRP compares a database of almost 13 million images and allows criminal justice agencies to submit and enhance image files so they can be cross-referenced within the FBI database.

The Concealed Handgun Carry Unit was transferred from the Special Investigations Division to LERB during FY 2014. By placing the Unit into another with a similar function involving extensive background checks, staff now have better backup to handle high-volume applicant periods. In FY 2014 the Unit:

- Processed 7,306 applications (4,182 new and 3,124 renewal); and
- Improved the average turnaround (application to permit) from 63 days to 13 days.

Program Support, comprised of the Office of the Secretary, Legal Affairs and the Administrative Services Division, implemented a major new project and completed several key projects with the goal of improving the services supporting our law enforcement and civilian personnel, including:

- The SHARE Grants and Projects Suite project was implemented, enabling officers and staff to enter time worked on special projects and grants, which are funded thru local, state and federal sources, directly on the SHARE timesheet. DPS is only the second agency (after NMDOT) to implement this functionality, which has significantly improved the quality and efficiency of reporting and requesting reimbursement for such activities. DPS typically has more than 200 different grants/projects ongoing at any given time.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

DEPARTMENT ACCOMPLISHMENTS – CONTINUED

- The majority of DPS grants were consolidated under the financial and administrative management of the Grants Management Bureau, improving the quality and consistency of grants management and improving the effective utilization of grant funding.
- The FY 2013 Financial Audit was completed and submitted on time with no restatements, prior-year adjustments, or audit findings on the financial statements or federal awards. As a result, the Department qualified for low-risk auditee status for the first time since inception.
- The Facilities Management Bureau completed a statewide facilities assessment, identifying immediate, short-term, and long-term building and mechanical issues and risks for maintenance and repair of Department-occupied buildings.

PERFORMANCE MEASURES

The Department collects data to measure success in meeting performance measure targets to address requirements of the Accountability in Government Act (AGA), Sections 6-3A-1 through 6-3A-8 NMSA 1978. Performance measures outlined in the General Appropriation Act, Laws of 2013, First Session, Chapter 227, Section 4 for the year ended June 30, 2014 were:

<u>TYPE</u>	<u>MEASURE</u>	<u>TARGET</u>	<u>RESULT</u>
Law Enforcement Program:			
Output	Number of licensed alcohol premise inspections conducted per agent assigned to alcohol enforcement duties.	288	360.2
Output	Number of driving-while-intoxicated arrests per patrol officer.	12	8.2
Output	Number of criminal investigations conducted by commissioned personnel per full-time-equivalent assigned to patrol and investigations bureaus.	60	58.3
Motor Transportation Program:			
Output	Number of commercial motor vehicle citations issued.	30,000	25,188
Output	Number of commercial motor vehicle safety inspections.	90,000	73,988
Statewide Law Enforcement Support Program:			
Outcome	Percent of forensic cases completed per filled full-time-equivalent position within thirty working days.	56.0%	38.9%

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

CAPITAL ASSETS

The Department's capital assets, net of depreciation, are \$16,449,459 or 87.0 percent of total assets. **Capital Assets** and **Investment in Capital Assets** increased by \$1,788,676 or 12.2 percent as additions in automobile and data processing equipment were more than current-year depreciation expense. The net book value of asset retirements and disposals were slightly more than their accumulated depreciation at the time of retirement or disposal. The Department does not have any debt related to capital assets at June 30, 2014.

COMPENSATED ABSENCES

Total compensated absences as of June 30, 2014 are \$4,328,780. The estimated amount to be paid from current appropriations within one year is \$2,241,422 or 51.8 percent, with the balance of \$2,087,358 or 48.2 percent due after one year. Compensated absences increased by \$365,649 from FY 2013 to FY 2014 as the Department received two compensation packages totaling \$1,282,201 to give all eligible employees a one-percent increase and commissioned officers an additional three-percent increase, which increased employee hourly rates and the Department's corresponding compensated absence liability.

DEBT ADMINISTRATION

The Department does not have any long-term debt.

NEXT YEAR'S BUDGET AND RATES

The Department depends primarily on appropriations from the New Mexico State General Fund for its operations. The State Legislature appropriated \$139,431,000 for the FY 2015 operating budget in the Laws of 2014, Second Session, Chapter 63, Section 4. The Department was allocated three Section 8 General Fund compensation packages totaling \$4,482,600 (\$445,100 Item A-5 Civilian, \$1,045,800 Item A-5 Officer, and \$2,991,700 Item B-1 Officer). A 0.00275 percent sanding reduction of \$288,500 was applied in accordance with Section 11 Appropriation Adjustment language. One OpBud-2 adjustment of \$418,000 increased the Department's total approved operating budget to \$144,043,100.

The FY 2015 operating budget includes a total general fund appropriation of \$109,113,800 which is a 12.0 percent increase over the FY 2014 total amount of \$97,395,400 (\$96,113,200 base plus \$1,282,200 compensation). Funding of the Motor Transportation Program's \$5,844,300 appropriation was transferred from the New Mexico Department of Transportation's Road Fund to the General Fund. The Motor Transportation Program will receive a \$1,265,900 appropriation from the New Mexico Taxation and Revenue Department's Weight Distance Tax Permit Fund. This appropriation will be transferred to the Department in a lump sum, and unexpended funds will be returned to the Taxation and Revenue Department as a ***Due To Other State Agencies***.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2014

NEXT YEAR'S BUDGET AND RATES – CONTINUED

The Laws of 2014, Second Session, Chapter 63, Section 5, Item 69 appropriated \$400,000 General Fund for vehicle replacement in the Law Enforcement Program. The appropriation ends on June 30, 2015. Funds were received in FY 2014 and are included in the Department's General Fund restricted fund balance of \$576,208 at June 30, 2014, for expenditure in FY 2015.

The Laws of 2014, Second Session, Chapter 63, Section 7, Item 19 appropriated \$160,000 Other State Funds for hardware or software to support the automated fingerprint identification system. The appropriation ends on June 30, 2016. The Department did not budget this appropriation, in whole or in part, for expenditure as of June 30, 2014.

The Laws of 2014, Second Session, Chapter 63, Section 7, Item 20 appropriated \$550,000 Other State Funds to complete the implementation of an automated fingerprint identification system as part of the Western Identification Network. The appropriation ends on June 30, 2016. The Department did not budget this appropriation, in whole or in part, for expenditure as of June 30, 2014.

FINANCIAL CONTACT

The Department's financial statements are designed to present users with the general overview of its finances and to demonstrate its accountability. If you have any questions or require additional information, please contact:

New Mexico Department of Public Safety
Administrative Services Division Director
P.O. Box 1628
Santa Fe, New Mexico 87504-1628

State of New Mexico
Department of Public Safety

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 219,995
Investment in State Treasurer General Fund Investment Pool	9,723,961
Federal grants receivable	3,969,603
Trade receivables	
Less allowance for doubtful accounts of \$170,626	313,616
Due from other state agencies	19,495
Due from local governments	
Less allowance for doubtful accounts of \$398,698	26,621
Supplies inventory	2,165
Prepaid postage	9,862
	<hr/>
Total current assets	14,285,318
Capital assets, not being depreciated	14,394
Capital assets being depreciated, net of accumulated depreciation	16,435,065
	<hr/>
Total assets	<u>\$ 30,734,777</u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	\$ 4,774,891
Accrued salaries and benefits payable	1,764,622
Unearned grant revenue	777,048
Due to other federal agencies	104,813
Due to other state agencies	4,657
Due to State General Fund	110,714
Compensated absences	2,241,422
	<hr/>
Total current liabilities	9,778,167
Long-term Liabilities	
Compensated absences due after one year	2,087,358
	<hr/>
Total long-term liabilities	2,087,358
	<hr/>
Total liabilities	11,865,525
Net Position	
Net investment in capital assets	16,449,459
Restricted	2,419,793
Unrestricted	-
	<hr/>
Total net position	18,869,252
	<hr/>
Total liabilities and net position	<u>\$ 30,734,777</u>

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Department of Public Safety

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants	Governmental Activities	
Governmental Activities				
Program support	\$ (6,677,874)	\$ 216	\$ 1,669,545	\$ (5,008,113)
Law enforcement	(79,710,518)	4,355,802	2,813,819	(72,540,897)
Motor transportation program	(21,057,537)	50,251	3,739,892	(17,267,394)
Statewide law enforcement support	(13,818,606)	2,322,769	659,689	(10,836,148)
Total governmental activities	\$ (121,264,535)	\$ 6,729,038	\$ 8,882,945	(105,652,552)
General revenues and (expenses)				
State general fund appropriations				96,513,200
State road fund appropriations				5,844,300
Weight distance tax permit fund appropriations				1,265,900
Transfers - in from other state agencies				1,532,200
Transfers - reversions to State General Fund - FY 2014				(341,735)
Transfers - reversions to NMDOT Road Fund - FY 2014				(4,347)
Transfers - reversions to TRD Weight Distance Fund - FY 2014				(310)
Gain on sale of capital assets				408,960
Other				79,741
Total general revenues				105,297,909
Change in net position				(354,643)
Net position, beginning				19,223,895
Net position, ending				\$ 18,869,252

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Department of Public Safety

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2014

	General Fund (12800)	Federal Forfeitures-SPD		Concealed Handgun Carry (59400)	Other Governmental Funds	Total Governmental Funds
		US DOJ (34300)	US Treasury (71900)			
ASSETS						
Interest in State Treasurer General Fund Investment Pool	\$ 3,963,107	\$ 2,531,385	\$ 1,135,796	\$ 1,135,932	\$ 957,741	\$ 9,723,961
Cash in banks	84,652	-	-	-	21,043	105,695
Cash on hand	14,300	100,000	-	-	-	114,300
Federal grants receivable	3,969,603	-	-	-	-	3,969,603
Trade receivables, less allowance for doubtful accounts of \$170,626	310,395	3,221	-	-	-	313,616
Due from the State General Fund						
Due from other funds	465,626	-	86	625,487	90,296	1,181,495
Due from other state agencies	610	264	-	-	18,621	19,495
Due from local governments, less allowance for doubtful accounts of \$379,548	-	-	-	-	26,621	26,621
Supplies inventory	2,165	-	-	-	-	2,165
Prepaid postage	9,862	-	-	-	-	9,862
Total assets	\$ 8,820,320	\$ 2,634,870	\$ 1,135,882	\$ 1,761,419	\$ 1,114,322	\$ 15,466,813
LIABILITIES						
Accounts payable	\$ 4,774,432	\$ -	\$ -	\$ 459	\$ -	\$ 4,774,891
Accrued salaries and benefits payable	1,764,622	-	-	-	-	1,764,622
Unearned grant revenue	777,048	-	-	-	-	777,048
Due to other federal agencies	104,813	-	-	-	-	104,813
Due to other funds	715,869	416,562	-	-	49,064	1,181,495
Due to other state agencies	4,657	-	-	-	-	4,657
Due to the State General Fund	102,671	-	-	-	8,043	110,714
Total liabilities	8,244,112	416,562	-	459	57,107	8,718,240
FUND BALANCES						
Non-Spendable						
Petty cash and change funds	14,300	-	-	-	-	14,300
Inventories	2,165	-	-	-	-	2,165
Postage	9,862	-	-	-	-	9,862
Flashroll	-	100,000	-	-	-	100,000
Spendable						
Restricted	549,881	2,118,308	1,135,882	1,760,960	1,057,215	6,622,246
Total fund balances	576,208	2,218,308	1,135,882	1,760,960	1,057,215	6,748,573
Total liabilities and fund balance	\$ 8,820,320	\$ 2,634,870	\$ 1,135,882	\$ 1,761,419	\$ 1,114,322	\$ 15,466,813

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Department of Public Safety

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION -
GOVERNMENTAL FUNDS**

June 30, 2014

Total fund balance for the governmental funds (Balance Sheet)	\$ 6,748,573
Amounts reported for governmental activities in the Statement of Net Position 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.	16,449,459
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>(4,328,780)</u>
Net position of governmental activities (Statement of Net Position)	<u>\$ 18,869,252</u>

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Department of Public Safety

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS**

Year Ended June 30, 2014

	General Fund (12800)	Federal Forfeitures-SPD		Concealed Handgun Carry (59400)	Other Non-Major Governmental Funds	Total Governmental Funds
		US DOJ (34300)	US Treasury (71900)			
Revenues						
Federal grants	\$ 8,131,185	\$ -	\$ -	\$ -	\$ -	\$ 8,131,185
State grants	1,179,378	-	-	-	-	1,179,378
Forfeitures	-	1,907,971	815,899	-	34,459	2,758,329
Other program fees	2,723,212	3,131	425	567,864	328,200	3,622,832
Proceeds from sale of property	427,617	-	-	-	-	427,617
Total revenues	12,461,392	1,911,102	816,324	567,864	362,659	16,119,341
Expenditures						
Public safety						
Current						
Personal services and employee benefits	83,560,889	-	-	-	-	83,560,889
Contractual services	4,155,968	-	-	-	-	4,155,968
Other costs	27,119,075	-	-	-	250,000	27,369,075
Capital outlay	7,631,289	-	-	-	-	7,631,289
Total expenditures	122,467,221	-	-	-	250,000	122,717,221
Excess (deficiency) of revenues over expenditures	(110,005,829)	1,911,102	816,324	567,864	112,659	(106,597,880)
Other Financing Sources (Uses)						
State General Fund appropriations	96,513,200	-	-	-	-	96,513,200
State Road Fund and Weight Distance						
Tax Permit Fund appropriations	7,110,200	-	-	-	-	7,110,200
Transfers - reversions to State General Fund - FY 2014	(338,349)	-	-	-	(8,043)	(346,392)
Interagency transfer in	1,532,201	-	-	-	-	1,532,201
Interfund transfer in	2,186,560	-	-	-	-	2,186,560
Interfund transfer out	-	(1,674,336)	-	(235,148)	(277,076)	(2,186,560)
Total other financing sources (uses)	107,003,812	(1,674,336)	-	(235,148)	(285,119)	104,809,209
Change in fund balances	(3,002,017)	236,766	816,324	332,716	(172,460)	(1,788,671)
Fund balances, beginning	3,578,225	1,981,542	319,558	1,428,244	1,229,675	8,537,244
Fund balances, ending	<u>\$ 576,208</u>	<u>\$ 2,218,308</u>	<u>\$ 1,135,882</u>	<u>\$ 1,760,960</u>	<u>\$ 1,057,215</u>	<u>\$ 6,748,573</u>

The accompanying notes are an integral part of this financial statement.

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, 2014

Net change in Fund Balance - Total Governmental Funds \$ (1,788,671)
(Statement 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 Position and
allocated over their estimated useful lives as annual depreciation
expenses in the Statement of Activities.

Capital asset additions	\$ 7,631,289	
Depreciation expense	<u>(5,823,953)</u>	
		1,807,336

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. (18,659)

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.

Increase in compensated absences	<u>(354,649)</u>
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Change in net position of governmental activities (Statement of Activities)	<u><u>\$ (354,643)</u></u>
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The accompanying notes are an integral part of this financial statement.

State of New Mexico
Department of Public Safety

**MAJOR FUND -
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
GENERAL FUND - FUND 128 -
ALL APPROPRIATIONS**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 96,113,200	\$ 96,513,200	\$ 96,513,200	\$ -
Other appropriations	7,110,200	7,110,200	7,110,200	-
Federal funds	19,445,200	19,674,420	8,131,185	(11,543,235)
Other state funds	8,971,600	9,141,600	4,330,207	(4,811,393)
Other financing sources	5,571,200	5,821,200	3,718,761	(2,102,439)
Total revenues	137,211,400	138,260,620	119,803,553	(18,457,067)
Prior year fund balance budgeted	3,208,770	3,408,770	-	(3,408,770)
Total budgeted revenues	140,420,170	141,669,390	119,803,553	(21,865,837)
Expenditures				
Personal services and benefits	93,259,600	90,261,924	83,560,889	6,701,035
Contract services	7,602,200	8,428,200	4,155,968	4,272,232
Other	39,558,370	42,979,266	34,750,364	8,228,902
Other financing uses	-	-	-	-
Total budgeted expenditures	140,420,170	141,669,390	122,467,221	19,202,169
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(2,663,668)	\$ (2,663,668)
GAAP basis reconciliation				
Reversion to State General Fund			(338,349)	
Net change in fund balance			\$ (3,002,017)	

The accompanying notes are an integral part of this financial statement.

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 343 U.S. DEPT OF JUSTICE**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal funds	\$ 2,000,000	\$ 2,000,000	\$ 1,907,971	\$ (92,029)
Other state funds	-	-	3,131	3,131
Total budgeted revenues	2,000,000	2,000,000	1,911,102	(88,898)
Prior year fund balance budgeted	500,000	500,000	-	(500,000)
Total budgeted revenues	2,500,000	2,500,000	1,911,102	(588,898)
Expenditures				
Other financing uses	2,500,000	2,500,000	1,674,336	825,664
Total budgeted expenditures	2,500,000	2,500,000	1,674,336	825,664
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	236,766	\$ 236,766
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ 236,766	

The accompanying notes are an integral part of this financial statement.

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 719 U.S. TREASURY**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal funds	\$ -	\$ -	\$ 815,899	\$ 815,899
Other state funds	-	-	425	425
Total budgeted revenues	-	-	816,324	816,324
Prior year fund balance budgeted	-	-	-	-
Total budgeted revenues	-	-	816,324	816,324
Expenditures				
Other financing uses	-	-	-	-
Total budgeted expenditures	-	-	-	-
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	816,324	\$ 816,324
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ 816,324	

This fund is not budgeted due to unpredictable revenues each year.

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Department of Public Safety

**MAJOR SPECIAL REVENUE FUND -
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
CONCEALED HANDGUN CARRY - FUND 594**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 433,400	\$ 433,400	\$ 567,864	\$ 134,464
Total revenues	433,400	433,400	567,864	134,464
Prior year fund balance budgeted	545,000	545,000	-	(545,000)
Total budgeted revenues	978,400	978,400	567,864	(410,536)
Expenditures				
Other financing uses	978,400	978,400	235,148	743,252
Total budgeted expenditures	978,400	978,400	235,148	743,252
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	332,716	\$ 332,716
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ 332,716	

The accompanying notes are an integral part of this financial statement.

State of New Mexico
Department of Public Safety

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS

June 30, 2014

	<u>Agency Funds</u>
ASSETS	
Interest in State Treasurer General Fund Investment Pool	<u>\$ 394,317</u>
Total assets	<u><u>\$ 394,317</u></u>
LIABILITIES	
Assets held for others	<u>\$ 394,317</u>
Total liabilities	<u><u>\$ 394,317</u></u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

NOTE A – 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, 1998, 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 B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 and in accordance with the criteria set forth in GASB 39 and GASB 61. 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 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, including the existence of a financial benefit or burden relationship. Based upon the application of these criteria, the Department does not have any component units.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Reporting Entity and Component Units – Continued

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.

The financial statements for the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

2. 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 Position, the governmental activities are presented on a consolidated basis and 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 Position. The Department's net position is reported in three parts; net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reflects both the gross and net cost per functional category which is otherwise supported by general government revenues. The Statement of Activities reduces gross expense (including depreciation on capital assets) by related program revenues, operating and capital grants. This government-wide focus is more on the sustainability of the Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Items not properly identified as program revenues are reported instead as general revenues. The Department reports all direct expenses by program in the statement of activities. Direct expenses are those clearly identifiable with a function. All indirect expenses are recorded in the general government functional expense category. The Department does not employ indirect cost allocation. Program revenue must be directly associated with the function or a business-related activity. The Department has one function (public safety) and four programs: Law Enforcement, Motor Transportation Police, Statewide Law Enforcement Support, and Program Support. Law Enforcement revenues consist of federal and state grants, court fines and forfeitures, concealed carry weapon fees, security

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basic Financial Statements - Government-Wide Statements – Continued

reimbursements, auction proceeds and insurance claims. Motor Transportation Police revenues consist of federal and state grants, and two appropriations from the New Mexico Department of Transportation's Road Fund and the New Mexico Taxation & Revenue Department's Weight Distance Tax Permit Fund. Program Support revenues consist of federal grants. Statewide Law Enforcement Support revenues consist of federal grants, Law Enforcement Records Bureau photostat and fingerprint fees, state chemist fees, and advanced training fees.

Net position are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the Department's policy to use restricted resources first, then unrestricted resources, as they are needed.

3. 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, two Federal Forfeitures Special Revenue Funds, and the Concealed Handgun Carry Special Revenue Fund.

The governmental funds in the financial statements are presented on a current financial resource and modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Basic Financial Statements - Fund Financial Statements – Continued

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 current financial resources 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.

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 inactive with no balances or activity during the year.

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 Section 31-12-9, NMSA 1978 to account for substance abuse fees collected and expended for the administration of certain Department of Public Safety programs related to controlled substances. It is a non-reverting fund.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Basic Financial Statements - Fund Financial Statements – Continued

Governmental Fund Types – Continued

- 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 Program in the enforcement of the Act. It is a non-reverting fund.
- 34300 Federal Forfeitures Fund - U.S. Department of Justice (USDOJ) - 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 *Asset Forfeiture and Equitable Sharing: An Update*. It is a non-reverting fund.
- 34600 Peace Officers' Survival Fund - The Peace Officers' Survival Fund was established in accordance with Section 29-4A-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. It is a non-reverting fund.
- 59400 Concealed Handgun Carry Fund - The Concealed Handgun Carry Fund was established in accordance with Section 29-19-13, NMSA 1978 to carry out the provisions of the Concealed Handgun Carry Act. It is a non-reverting fund.
- 67000 Orphan Materials Recovery Fund - The Orphan Materials Recovery Fund was established in accordance with Section 12-12-29, NMSA 1978 to contract for the disposal of orphan hazardous materials held in the possession of the Department and identified by state emergency response officers. It is a non-reverting fund.
- 78600 Law Enforcement Advanced Training Fund - The Law Enforcement Training Fund was established in accordance with Section 29-7-12, NMSA 1978 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 fund balance reverts to the State General Fund at the end of each fiscal year.
- 71990 Federal Forfeitures Fund-US Treasury - 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 *Asset Forfeiture and Equitable Sharing: An Update*. It is a non-reverting fund.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Basic Financial Statements - Fund Financial Statements – Continued

Governmental Fund Types – Continued

88200 Special Donations Fund - 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 use of funds are specified by the donor. It is a non-budgeted and non-reverting fund.

89000 ARRA Fund - This fund was established by the New Mexico Department of Finance and Administration to account for funds received under the American Recovery and Reinvestment Act (ARRA). It is a non-reverting fund.

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. It is a non-budgeted and non-reverting fund.

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*. It is inactive with no balances or activity during the year. It is a non-reverting fund.

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 Doña Ana County. It was used for other capital projects through Fiscal Year 2011. It is funded by state appropriations used for buildings and other projects. This fund reverts upon project completion.

89200 Capital Projects Fund - The Capital Projects Fund was established to track all capital outlay appropriations starting in Fiscal Year 2012. This fund replaces fund 09000. It is funded by state bond proceeds used for buildings and other projects. This fund reverts upon project completion.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Basic Financial Statements - Fund Financial Statements – Continued

Governmental Fund Types – Continued

93100 Capital Projects Fund - The Capital Projects Fund was established to track all capital outlay appropriations starting in Fiscal Year 2012. This fund replaces fund 09000. It is funded by state appropriations used for buildings and other projects. This fund reverts upon project completion.

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.

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.

40200 DNA Fund - The DNA Identification System Fund was established in accordance with Section 29-16-11, NMSA 1978. It is used to collect fees of \$100 from convicted felons as part of the parole process. Fees are used by New Mexico correctional facilities for blood tests which establish a DNA Identification System in the state. This is a non-reverting fund.

10560 Evidence Fund - The Evidence Fund was established in Section 29-1-15, NMSA 1978 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. No value is assigned to evidence until it is sold. Some evidence is destroyed after it is no longer needed as evidence. This is a non-reverting fund.

78700 Governmental Gross Receipts Tax Fund - 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. This is a non-reverting fund.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus. Under the accrual basis, revenues are recorded when earned and expenses are recorded at the time liabilities or obligations are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include gross receipts taxes, grants and appropriations. On an accrual basis, revenue from gross receipts taxes is recognized in the fiscal year for which the taxes are collected. Revenue from appropriations is recognized in the fiscal year for which the taxes are collected. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. All significant interfund transactions have been eliminated. Deferred inflows and deferred outflows of resources are now included in the elements that make up a statement of financial position and GASB 63 introduces the term “net position” for reporting the residual of all elements in a statement of financial position.

Governmental fund types follow the modified accrual basis of accounting for financial statement purposes. Under the modified accrual basis of accounting, 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 fiscal period (available meaning collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, typically 60 days). Expenditures, other than vacation, compensatory and with pay, are recorded when they are incurred.

The Government-wide financial statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis. In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to Governmental Accounting Standards Board Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as a liability by the recipient.

The exception to this general rule is principal and interest on general long-term debt, if any, is recognized when due.

The Department has implemented in FY13 Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which codifies preexisting authoritative guidance from all sources into GASB standards and edits such standards for the government environment as appropriate. It further eliminates the election for proprietary fund and business type reporting entities to apply certain Financial Accounting Standards guidance.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Measurement Focus and Basis of Accounting - Continued

The Department has implemented Governmental Accounting Standard Board Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). GASB 63 introduced a fundamental change to the reporting of elements that make up a statement of financial position.

Deferred outflows of resources consumed and deferred inflows of resources received and available as they are now included in the elements that make up a statement of financial net position and GASB 63 introduced the term net position for reporting the residual of all elements in a statement of financial net position. The statement of financial net position of the Department conforms to the presentation requirements of GASB 63.

During 2014, the Department implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65) changes the classification of various financial statement balances including several more common type transactions for presentation as assets and liabilities to deferred outflows and inflows of resources. Any unearned revenue for federal or state grants whereas eligibility requirements have been met except for time requirements will be classified beginning this year under this standard. There were no deferred outflows or inflows of resources to separately report at June 30, 2014.

The Department engages in federal grant agreement programs commonly referred to as “reimbursement type” programs. These programs require that the recipient (the Department) must incur allowable costs as defined by the agreement types in order to draw down funds against the particular project. This is the principal eligibility requirement for the recognition of the revenue. Upon incurring an allowable cost, the Department simultaneously recognizes a receivable and revenue in the amount of the expenditures incurred. All other eligibility requirements or grants, as applicable, must also be satisfied.

Revenues are recognized as follows:

- a.) State general fund appropriations, which must be used in a specified manner, are recognized when authorized, all eligibility requirements have been met, and the resources are available. Data processing appropriations require project approval from the Department of Information Technology. The Department considers this part of the eligibility requirements and does not recognize the revenue until the approval is obtained.
- b.) Federal and other grants revenues are recognized when the applicable eligibility criteria, including time requirements, are met and the resources are available. Resources received for which applicable eligibility criteria have not been met are reflected as unearned revenues in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Measurement Focus and Basis of Accounting - Continued

- c.) 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.

5. 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.

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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Budgets and Budgetary Accounting – Continued

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

- a.) 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.
- b.) 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.
- c.) 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.
- d.) 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.
- e.) Per the Annual General Appropriation Act, 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 2014 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.

6. 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Interest in the General Fund Investment Pool Not Reconciled

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Interest in the General Fund Investment Pool Not Reconciled – Continued

Cash Controls at DPS

Phase I of the Cash Management Remediation Project (completed in May 2013) implemented statewide business process changes and corrected numerous SHARE System configurations. As a result of the changes and corrections, DFA/FCD was able to begin reconciling activity reported by the State's fiscal agent bank to the SHARE general ledger on a go-forward basis beginning February 1, 2013. However, additional critical business process changes and corrections to configurations within the SHARE System remain to be completed; therefore, Cash Management Remediation Project, Phase II, commenced July 2014. Its scope was to perform reconciliations from July 2000 to January 2013. It is not completed as of November 2014.

DFA has recorded a loss contingency of \$101.7 million in the General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool; that estimate has not been changed to date. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

The Department mitigates the risk of the lack of the General Fund Investment Pool reconciliation by completing an array of validation tasks on a periodic basis. The agency focuses on several areas of risk: deposits, allotments, payroll, warrant cancellations and accounts payable transactions.

Risk Assessment

Cash balance monitoring carries increased risk because of the lack of reconciliation performed for statewide government. There is a high level of deposit and expenditure transactions within the Department, for which structured controls have been implemented for purposes of detection and correction of errors. Management has assessed risks regarding the cash balance reconciliation problem by implementing certain control activities.

Deposits

Each month, the Finance Bureau Accountant/Auditor performs a review of the deposits posted to the Department's cash account through the SHARE query: NMS_BK_REF_FO_DEPOSIT_ID_MD. The review consists of a scan review to ensure that all deposits entered in the SHARE system have created a Journal ID and posted to the general ledger. If there are any deposits that did not generate a Journal ID, the Accountant/Auditor contacts the DFA help desk to resolve this issue. There were no help desk calls placed to notify DFA of a posting error during FY 2014. DFA performs a review and creates a journal entry to properly post the deposited funds to the Department's general ledger.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Interest in the General Fund Investment Pool Not Reconciled – Continued

Warrants

Bi-monthly, the Finance Bureau Staff Manager performs a review of the warrants issued through SHARE query NMS_OUTSTANDING_WARRANTS to view which warrants are still outstanding. The report is saved to the shared drive for the Department, and sorted by voucher ID, and the Finance Bureau staff employee assigned to the ID then contacts the employee/vendor to verify that the warrant was received. If it has been received, they are asked to deposit as soon as possible. If not received, an affidavit is sent to the payee for request to reissue the warrant. Once the warrant has been reissued, the assigned employee then updates the file in the shared drive to show that the warrant has been deposited and notes the date of reconciliation. The assigned employee is required to follow up until each warrant is resolved. The Staff Manager monitors the status of the Outstanding Warrants file for timely review and reconciliation of outstanding items.

Monitoring and Reporting

There are several levels of review over the cash monitoring process. The Finance Bureau performs periodic reviews of the outstanding deposits and warrants in order to maintain the most accurate cash balance of the Department. The outstanding deposits and warrants are monitored throughout the year, and reconciled with posted general ledger data, in order to maintain the most accurate records for financial statement reporting.

Because of the compensating control activities in place during recent years in response to risk assessment detailed above, management believes that the value of \$9,723,961, as its share of the GFIP, is materially correct at June 30, 2014 based on the utilization of subsidiary records for receipts, for the large percentage of the Department's business disbursements transacted by cost reimbursement on federal funds, and for the reverting nature of operations appropriation which does not result in any buildup of excess cash or net position over a multi-year period.

8. Federal Grants Receivable

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.

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. During fiscal year 2014, there were no estimated allowable costs allowed for or charged to any federal grants.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Unearned Revenue

Unearned revenue represents a liability for grantor advance or Department overdraw of cash (advances) in excess of modified accrual basis expenditures for the Governmental Funds. Unearned revenue is used to account for (1) amounts received from federal grants in advance of expenditures occurring, whereas certain eligibility requirements have not yet been met or (2) amounts identified as accounts receivable that have not been received within 60 days of the end of the fiscal year, and are accounted for on the modified accrual basis in the fund financial statements.

Unearned revenue relates to a single grant with another state agency that funds cash in advance of activity for the program. Unearned revenue in the amount of \$777,048 has been reported on the balance sheet – governmental funds because the Department received cash in advance from state (non-federal) funds and can spend all of the cash in accordance with grant requirements. Thus, there is no difference in reporting under full accrual versus modified accrual accounting for this single grant.

Certain federal program funds are passed through the Department to sub-grantee organizations.

10. 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 nonspendable amount of fund balance in the Governmental Fund Statements.

11. Capital Assets

Capital assets purchased or acquired at a value of \$5,000 or greater are capitalized per Section 12-6-10 NMSA 1978. In some cases, assets acquired at a value of \$5,000 or less are capitalized. Assets are carried at historical cost 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.

	<u>Years</u>
Furniture and fixtures	10
Equipment and machinery	5
Automobiles	4
Aircraft	10
Buildings and structures	20
Data processing equipment	3
Livestock and animals	2

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Capital Assets – Continued

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.

12. Accrued Compensated Absences - Annual Leave

New Mexico State Police officers accumulate annual leave as follows:

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

Classified service employees accumulate annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned Per Month</u>	<u>Days Earned Per Year</u>	<u>Days of Maximum Accrual</u>
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 th /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, in the first full pay period in July or January 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 sick leave accrued represents the hours earned as of June 30, 2014, 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheets of the fund financial statements. Internal activity is eliminated at the government-wide statement of activities.

14. Other Revenues and Transfers

Other revenues consist primarily of the State's portion of reimbursements for previous overpayments of benefits.

Transfers in from (out to) other state agencies and governmental units are recorded as other financing sources (uses).

15. Due to State General Fund (Reversions)

Reversions to the State General Fund by the Department are based on the definitions of both reverting and non-reverting funds. The Department calculates reversions by determining the excess of accrued revenues over accrued expenditures for its General Fund appropriation, Compensation appropriation, Road Fund appropriation, Weight Distance appropriation, and other reverting state funds as of June 30th of each fiscal year.

Unexpended and unencumbered balances are generally reverted to the State General Fund. Annual appropriations state that unexpended or unencumbered balances of the State General Fund appropriation to the Department shall revert. Accordingly, reversions have been recorded in the current year for General Fund appropriations. Also, the unexpended and unencumbered balance of special and data processing appropriations are reverted upon expiration.

16. Fund Balance Classifications

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Fund Balance Classifications – Continued

The agency's fund balances represent: 1) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. The amount of net position restricted by statute though enabling legislation is \$6,222,246; 2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches is \$400,000; 3) Assigned Purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed, is \$0. A summary of the nature and purpose of these reserves by fund type at June 30, 2014, follows:

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

Nonspendable - 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. It includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaids, deposits with vendors, assets held for sale, and long-term receivables.

Nonspendable - 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.

Spendable – Restricted. This reserve consists of liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory or granting agency) limitation on their use.

Spendable – Committed or Restricted by Legislation for Multi-Year Appropriations. This reserve was created for multi-year appropriations for which the Department has received funds for projects which extend into future years.

Assigned Fund Balance - Amounts that are constrained by the Department's expressed intent to use resources for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that Department has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund can report a positive "unassigned fund balance". Other governmental funds might report a negative balance in this classification.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, restricted fund balance in most instances will be spent first. When expenditures are incurred for purposes for which amounts in any of unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Fund Balance Classifications – Continued

The Department reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Details of the fund balances are included in the Governmental Fund Balance Sheet.

Fund/Program	Nonspendable	Restricted Purposes	Committed
General Fund (12800)	\$ -	\$ 149,881	\$ -
Petty Cash and Changes Funds	14,300	-	-
Inventories	2,165	-	-
Postage	9,862	-	-
Federal Forfeitures Fund (34300)			
Flashroll	100,000	-	-
Multi Year General Fund Appropriation (12800)			
Laws of 2014, 2nd S, Chapter 63, Section 5, Item 069	-	400,000	-
Federal Forfeitures Fund (34300)			
21 U.S.C.s 881 (e) (1) (A), 18.U.S.C.s 981 (e) and 19 U.S.C.s 1616	-	2,118,309	-
Federal Forfeitures Fund (71900)			
21 U.S.C.s 881 (e) (1) (A), 18.U.S.C.s 981 (e) and 19 U.S.C.s 1616	-	1,135,882	-
Capital Projects Fund (09000)			
Chapter 7 Section 14 Laws of 1998	-	100,899	-
State Chemist Fees Fund (27200)			
Section 31-12-9, NMSA 1978	-	789,358	-
CSA Forfeitures Fund (34200)			
Section 30-31-35, NMSA 1978	-	34,659	-
Orphan Material Recovery Fund (67000)			
Section 12-12-29, NMSA 1978	-	5,029	-
Crime Stoppers Rewards Fund (89400)			
NM Department of Finance and Administration Directive	-	21,043	-
Peace Officers' Fund (34600)			
Section 29-4A-4, NMSA 1978	-	100,539	-
Concealed Handgun Carry Fund (59400)			
Section 29-19-13, NMSA 1978	-	1,760,960	-
ARRA Fund			
Public Law 111-5, American Recovery & Reinvestment Act of 2009	-	52	-
Special Donations Fund (88200)			
NM Department of Finance and Administration Directive	-	5,635	-
	<u>\$ 126,327</u>	<u>\$ 6,622,246</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

17. Revenues, Expenditures and Expenses

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Expenditures are recognized when the related fund liability is incurred, except for the following permitted by accounting principles generally accepted in the United States of America:

Prepaid items and inventory costs are reported in the period when inventory items are consumed, rather than in the period purchased.

When an expense is incurred that meets the requirements of both restricted and unrestricted resources, the Department will first apply it to available restricted net position.

18. Classification of Expenses

The Department has classified its expenses as either operating or non-operating expenses according to the following criteria:

Operating expenses: Operating expenses include activities that have the characteristics of exchange transactions, such as (1) employee salaries, benefits, and related expenses; (2) utilities, supplies, and other services; (3) professional fees; and (4) depreciation expenses related to Department property, plant, and equipment.

Non-operating expenses: Non-operating expenses include activities that have the characteristics of non-exchange transactions, such as interest on capital asset-related debt and other expenses that are defined as non-operating expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB Statement No. 34.

The Department has identified three non-operating governmental funds: Peace Officers Survivors Fund 34600, Special Donations Fund 88200, and Crime Stoppers Reward Fund 89400.

19. Cost Allocation

The Department does not employ indirect cost allocation in the Financial Statements.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

20. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

Net Investment in Capital Assets - is intended to reflect the portion of net position 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. The Department had net investment in capital assets of \$16,449,459 at June 30, 2014. The Department does not have any related debt.

Restricted Net Position – are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitations on their use. Such restrictions are legally enforceable.

Unrestricted Net Position – represent unrestricted liquid assets.

For the department-wide financial statements, it is the policy of the Department that restricted resources are applied first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

21. 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 C – INTEREST IN STATE TREASURER GENERAL FUND INVESTMENT POOL
AND CASH**

Investment in the State Treasurer General Fund Investment Pool. All funds allotted to the Department are held by the New Mexico State Treasurer. The Department can withdraw its funds from the State Treasurer as needed and therefore considers them to be cash equivalents. Most earnings on deposits with the State Treasurer are retained by the State General Fund; therefore, from the Department's perspective, the cash balances are non-interest bearing and stated at cost, except for U.S. D.O.J. Federal Forfeitures Fund 34300, U.S. Treasury Forfeitures Fund 71990, and Peace Officers' Survivors Fund 34600. Money deposited by the Department with the State Treasurer is pooled and invested by the State Treasurer. Interest is earned on interest bearing cash discounts held within both Federal Forfeiture Funds and the Peace Officers' Survivors Fund. The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 in insurance coverage provided by federal agencies. Accordingly, the State

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

**NOTE C – INTEREST IN STATE TREASURER GENERAL FUND INVESTMENT POOL
AND CASH – CONTINUED**

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. To obtain pledged collateral, investment risk, and insurance coverage information for the Department's State Treasurer deposits, a copy of separately issued financial statements can be obtained from the State Treasurer's Office. All collateral is held in third-party safekeeping. A supplemental schedule of cash that the Department held as of June 30, 2014 is presented in the financial statements as supplemental information.

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

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

General Fund Investment Pool \$9,723,961

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

Credit Risk - The New Mexico State Treasurer pools are not rated.

For a detailed listing of all agency bank accounts and State Treasurer SHARE accounts, see the schedule referred to above on page 92.

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

Please see Note B7 for more information in connection with the GFIP. For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2014.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

**NOTE C – INTEREST IN STATE TREASURER GENERAL FUND INVESTMENT POOL
AND CASH – CONTINUED**

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, 2014. 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.

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, 2014. All balances held by banking institutions were less than \$250,000.

NOTE D – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	Due From (Receivable)	Due To (Payable)
General Fund (12800)	\$ 465,626	\$ 715,869
State Chemist Fees (27200)	90,382	-
Federal Forfeitures (34300)	-	416,562
Concealed Handgun Carry (59400)	625,487	-
Advanced Training (78600)	-	49,064
Total	\$ 1,181,495	\$ 1,181,495

Due from and due to other funds represent interfund receivables and payables arising from interdepartmental transactions for expenditures in accordance with program-based performance budgeting implemented on July 1, 2000. 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.

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE D – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – CONTINUED

The composition of total interfund transfers for the fiscal year are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund (12800)	\$ 2,186,560	\$ -
State Chemist Fees (27200)	-	143,995
State Forfeitures (34200)	-	30,473
Federal Forfeitures (34300)	-	1,674,336
Concealed Handgun Carry (59400)	-	235,148
Advanced Training (78600)	-	102,608
	<u> </u>	<u> </u>
Total	<u>\$ 2,186,560</u>	<u>\$ 2,186,560</u>

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 E – DUE TO AND DUE FROM AND TRANSFERS – OTHER AGENCIES

	<u>Due From</u>	<u>Due To</u>
General Fund (12800)		
Taxation & Revenue Dept (33300)	\$ -	\$ 310
Department of Transportation (80500)	-	4,347
	<u> </u>	<u> </u>
Total General Fund	-	4,657
General Fund (12800)		
Department of Transportation (80500)	610	-
State Chemist Fees (27200)		
Administrative Office of the Courts (21800)	18,528	-
Federal Forfeitures Fund (34300)		
State Treasurer (39400)	263	-
Peace Officers' Survivors Fund (34600)		
State Treasurer (39400)	8	-
Federal Forfeitures - Treasury Fund (71990)		
State Treasurer (39400)	86	-
	<u> </u>	<u> </u>
Total other non-major funds	19,495	-
	<u> </u>	<u> </u>
Total	<u>\$ 19,495</u>	<u>\$ 4,657</u>

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE E – DUE TO AND DUE FROM AND TRANSFERS – OTHER AGENCIES – CONTINUED

	State General Fund 34101 General Fund Appropriation 85300	DFA 34100	DFA 34100-20900	Department of Transportation 80500-20100	Department of Tax & Rev 33300-99400	Department of Public Safety 12800	Department of Public Safety 78600
NM DPS General Fund - 12800							
General Fund Appropriation	\$ 96,113,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Road Fund Allotment	-	-	-	5,844,300	-	-	-
Compensation Package	-	1,282,201	-	-	-	-	-
Special Appr - Vehicle Replacement for SP & MTP	400,000	-	-	-	-	-	-
DP Appr - Computer Aided Dispatch	-	-	250,000	-	-	-	-
MTP - Weight Distance	-	-	-	-	1,265,900	-	-
Department of Finance - 34100							
State General Fund Reversion	-	-	-	-	-	333,692	8,043
Department of Transportation - 80500							
Road Fund Reversion	-	-	-	-	-	4,347	-
Taxation & Revenue Dept - 33300							
TRD Weight Distance Reversion	-	-	-	-	-	310	-
Total	\$ 96,513,200	\$ 1,282,201	\$ 250,000	\$ 5,844,300	\$ 1,265,900	\$ 338,349	\$ 8,043

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE F – CAPITAL ASSETS

The capital assets activity for the year ended June 30, 2014, is as follows:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Capital assets not being depreciated				
Land	\$ 14,394	\$ -	\$ -	\$ 14,394
Other capital assets				
Furniture and fixtures	\$ 226,387	\$ 16,919	\$ -	\$ 243,306
Equipment and machinery	10,100,582	588,353	-	10,688,935
Automobile	26,465,227	5,694,742	(2,766,892)	29,393,077
Aircraft	7,222,900	-	-	7,222,900
Buildings and structures	1,604,001	33,754	-	1,637,755
Data processing equipment	7,008,720	1,297,520	-	8,306,240
Livestock and animals	104,043	-	-	104,043
Total other capital assets	52,731,860	7,631,288	(2,766,892)	57,596,256
Accumulated depreciation for:				
Furniture and fixtures	143,589	13,975	-	157,564
Equipment and machinery	7,943,496	816,393	-	8,759,889
Automobile	20,309,541	3,480,671	(2,748,233)	21,041,979
Aircraft	2,816,956	722,290	-	3,539,246
Buildings and structures	705,127	75,181	-	780,308
Data processing equipment	6,074,750	708,568	-	6,783,318
Livestock and poultry	92,012	6,875	-	98,887
Total accumulated depreciation	38,085,471	5,823,953	(2,748,233)	41,161,191
Other capital assets, net	\$ 14,646,389	\$ 1,807,335	\$ (18,659)	\$ 16,435,065
Capital assets summary				
Capital assets not being depreciated	\$ 14,394	\$ -	\$ -	\$ 14,394
Other capital assets, at cost	52,731,860	7,631,288	(2,766,892)	57,596,256
Total cost of capital assets	52,746,254	7,631,288	(2,766,892)	57,610,650
Accumulated depreciation	(38,085,471)	(5,823,953)	2,748,233	(41,161,191)
Capital assets, net	\$ 14,660,783	\$ 1,807,335	\$ (18,659)	\$ 16,449,459

The Department does not have any debt related to capital assets at June 30, 2014. Depreciation expense for the Department amounted to \$5,823,953 and is considered a governmental activity and allocated to all governmental programs.

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE G – DUE TO STATE GENERAL FUND (REVERSIONS)

Section 6-5-10, NMSA 1978 requires all unreserved, undesignated fund balances in reverting funds and accounts revert to the State General Fund by September 30. Agencies may adjust the reversion within forty-five days of release of the audit report. Current-year reversions are calculated only for reverting accounts. Expenditures are classified based on the underlying appropriation in calculating the amount to revert. The amounts due to the State General Fund for the Department's reversion of expired appropriations and other state funds at June 30, 2014 are:

General Fund - 12800		
General appropriation - current year	\$	213,739
Special appropriations		22,776
Other state funds		97,177
Special Revenue Fund - 78600		
Advanced training		<u>8,043</u>
Total	\$	<u><u>341,735</u></u>

Reversions to the New Mexico Department of Transportation for the Road Fund appropriation and to the New Mexico Taxation and Revenue Department for the Weight Distance Tax Fund appropriation are recorded as Due To Other State Agencies:

NMDOT Road Fund	\$	4,347
NMTRD Weight Distance Tax Fund		<u>310</u>
Total	\$	<u><u>4,657</u></u>

The Department's total reversion for FY 2014 to the State General Fund classified within transfers out (expenditures) is \$346,392. Due to the State General Fund of \$110,714 and due to other state agencies of \$4,657 total \$115,371. The amount due to the State General Fund is netted against a receivable due from the State General Fund of \$233,607 owed back to the Agency for a prior reversion.

NOTE H – 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 Position for annual leave based on current pay rates and hours accumulated at June 30, 2014.

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE H – COMPENSATED ABSENCES PAYABLE – CONTINUED

A summary of changes in the compensated absences payable for the year ended June 30, 2014, is as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2014</u>
Compensated absences payable				
Due within one year	\$ 2,026,807	\$ 2,996,537	\$ (2,781,922)	\$ 2,241,422
Due after one year	<u>1,947,324</u>	<u>2,790,572</u>	<u>(2,650,538)</u>	<u>2,087,358</u>
Total	<u>\$ 3,974,131</u>	<u>\$ 5,787,109</u>	<u>\$ (5,432,460)</u>	<u>\$ 4,328,780</u>

The general funds pay compensated absences.

NOTE I – LEASE COMMITMENTS

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

<u>Year ended June 30</u>	
2015	\$ 858,691
2016	859,279
2017	500,363
2018	358,031
2019	212,068
2020 - 2022	<u>331,567</u>
	<u>\$ 3,119,999</u>

During the year ended June 30, 2014, facilities and equipment rent expense were approximately \$1,020,000. The Department is party to a number of equipment leases; however, all can be cancelled with 30 days notice; therefore, no long-term lease commitments exist which require disclosure on these leases.

NOTE J – 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE J – CONTINGENT LIABILITIES AND JUDGMENTS – CONTINUED

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.

NOTE K – 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.

Funding Policy. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements and contributions may be amended by acts of the Legislature. The contribution rates for regular employees (non-enhanced) and State Police commissioned officers (enhanced) as follows:

<u>Non-Enhanced</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY14	16.59%	8.92%
FY15	16.99%	8.92%
<u>Enhanced</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY14	25.10%	9.10%
FY15	25.50%	9.10%

The Department's contributions to PERA for the fiscal years ending June 30, 2014, 2013 and 2012 were \$10,069,854, \$9,128,619, and \$8,211,735, respectively, which equal the amount of the required contributions for each fiscal year.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE L – 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 health care 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 health care plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment health care plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle N.E., 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 health care benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. Prior to July 1, 2010, all participating employers and employees contributed the same rates. Effective July 1, 2010, RHCA implemented two rate schedules for regular employees (non-enhanced) and State Police commissioned officers (enhanced) as follows:

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

**NOTE L – POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN –
CONTINUED**

<u>Non-Enhanced</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY14	2.000%	1.000%
FY15	2.000%	1.000%

<u>Enhanced</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY14	2.500%	1.250%
FY15	2.500%	1.250%

Employers joining the program after January 1, 1998, 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 contributions to RHCA for the fiscal years ending June 30, 2014, 2013 and 2012 were \$1,083,324, \$1,056,419, and \$951,893, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE M – INSURANCE COVERAGE

The Department obtains coverage through the 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, 2013 through June 30, 2014.

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE N – SPECIAL APPROPRIATIONS

Special, Supplemental, Data Processing and Capital Outlay appropriations during the year consisted of the following:

	Original	Purpose	Period	Cumulative	Outstanding	Amount
	Appropriation			Expenditures	Payables	to be
	Balance			June 30, 2014	June 30, 2014	Reverted
Fund 12800						
General Fund Special	\$ 200,000	Network Circuits	March 2012 to June 2014	\$ 183,146	\$ -	\$ 16,854
Fund 12800						
General Fund Data Process	300,000	Replace CAD	March 2012 to June 2014	294,080	-	5,920
Fund 12800						
General Fund Special	2,412,700	Vehicle Replacement	April 2013 to June 2014	2,412,699	-	1
Fund 12800						
General Fund Special	816,000	In-Care Video Recording	April 2013 to June 2014	816,000	-	-
Fund 12800						
General Fund Data Process	2,850,000	CAD/RMS	April 2013 to June 2015	-	-	-
Fund 12800						
General Fund Data Process	450,000	AFIS/WIN	April 2013 to June 2015	-	-	-
Fund 12800						
General Fund Special	400,000	Vehicle Replacement	July 2013 to June 2015	-	-	-
Fund 12800						
General Fund Data Process	160,000	AFIS	July 2013 to June 2016	-	-	-
Fund 12800						
General Fund Data Process	<u>550,000</u>	AFIS/WIN	July 2013 to June 2016	<u>-</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 8,138,700</u>			 <u>\$ 3,705,925</u>	 <u>\$ -</u>	 <u>\$ 22,775</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE O – 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.

The Department paid Risk Management for the fiscal years ended June 30, 2014 and 2013 of \$2,953,135 and \$3,910,162 in insurance premiums, respectively. 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, 2014, 2013, and 2012, the Department had no claims for which the Risk Management Division has returned as "not covered" that would become the responsibility of the Department.

NOTE P – SIGNIFICANT ESTIMATES

The Department records law enforcement training revenues based on the amounts collected in June of the current fiscal year that are remitted to the Department in July and August in the subsequent fiscal year. An estimated receivable of \$406,168 at June 30, 2014, was recorded by the Department. An estimated allowance for doubtful accounts of \$379,548 was also provided in conjunction with this receivable, resulting in a net amount recorded of \$26,620.

The Department records trade revenues based on the amounts collected in June of the current fiscal year that are remitted to the Department in July and August in the subsequent fiscal year. An estimated receivable of \$484,242 at June 30, 2014, was recorded by the Department. An estimated allowance for doubtful accounts of \$170,626 was also provided in conjunction with this receivable, resulting in a net amount recorded of \$313,616.

Receivables due to the Department: Per Article IV, Section 32 of the New Mexico Constitution, no obligation or liability will be exchanged, transferred, remitted, released, postponed or in any way diminished by the Legislature, nor shall any such obligation or liability be extinguished except by the payment thereof into the proper treasury or by proper proceeding in court. The Department makes all reasonable efforts to collect any receivables past due.

Depreciation on capital assets is a second significant estimate. Depreciation totaled \$5,823,593 for the year ended June 30, 2014.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2014

NOTE Q – NEW ACCOUNTING STANDARDS

GASB 68

Governmental Accounting Standard Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) revises existing guidance for governments that provide their employees with pension benefits. A principal change is the requirement to record a government's pro rata share of unfunded actuarial accrued liability (UAAL) on its financial statements for multiemployer cost sharing plan. The Department is a participating member of the Public Employees Retirement Association (PERA), a multiemployer cost sharing plan. Information to implement this standard will be developed by PERA and the State of New Mexico. The implementation date for GASB 68 is fiscal year 2015. The current status of the unfunded liability for PERA is \$4.62 billion based on the most recently issued audited financial statement at June 30, 2013. Legislation was passed in the last year changing PERA's plan benefits design and contribution requirements to fully fund UAAL within 30 years. The FY15 financial statements will include a material liability for pension participation.

GASB 69

This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term "government combinations" includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. GASB 69 is effective for FY 2015. The Department has evaluated GASB 69 and does not believe that it will have an impact on its financial statements.

GASB 71

This standard revises existing guidance for a government employer to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of GASB 71 are required to be applied simultaneously with the provisions of GASB 68. (See above.) At this time management is unable to estimate the magnitude of application of this standard to the Department.

State of New Mexico
Department of Public Safety

**COMBINING BALANCE SHEET - ALL ACCOUNTS -
MAJOR GOVERNMENTAL FUNDS - GENERAL FUND**

June 30, 2014

	General Fund		Total
	General Fund Account	Local Law Enforcement Account	
ASSETS			
Interest in State Treasurer General Fund Investment Pool	\$ 3,963,107	\$ -	\$ 3,963,107
Cash in banks	84,652	-	84,652
Cash on hand	14,300	-	14,300
Federal grants receivable	3,969,603	-	3,969,603
Trade receivables	310,395	-	310,395
Due from other funds	465,626	-	465,626
Due from other agencies	610	-	610
Due from local government	-	-	-
Supplies inventory	2,165	-	2,165
Prepaid postage	9,862	-	9,862
	<u>8,820,320</u>	<u>-</u>	<u>8,820,320</u>
Total assets	<u>\$ 8,820,320</u>	<u>\$ -</u>	<u>\$ 8,820,320</u>
LIABILITIES			
Accounts payable	\$ 4,774,432	\$ -	\$ 4,774,432
Accrued salaries payable	1,764,622	-	1,764,622
Deferred revenue	777,048	-	777,048
Due to other federal agencies	104,813	-	104,813
Due to other agencies	4,657	-	4,657
Due to the State General Fund	102,671	-	102,671
Due to other funds	715,869	-	715,869
	<u>8,244,112</u>	<u>-</u>	<u>8,244,112</u>
Total liabilities	8,244,112	-	8,244,112
FUND BALANCE			
Non-Spendable			
Petty cash and change funds	14,300	-	14,300
Inventories	2,165	-	2,165
Postage	9,862	-	9,862
Spendable			
Restricted	149,881	-	149,881
Committed	400,000	-	400,000
	<u>576,208</u>	<u>-</u>	<u>576,208</u>
Total fund balance	576,208	-	576,208
Total liabilities and fund balance	<u>\$ 8,820,320</u>	<u>\$ -</u>	<u>\$ 8,820,320</u>

State of New Mexico
Department of Public Safety

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- ALL ACCOUNTS - MAJOR GOVERNMENTAL FUNDS - GENERAL FUND**

Year Ended June 30, 2014

	General Fund		Total
	General Fund Account	Local Law Enforcement Account	
Revenues			
Federal grants	\$ 8,131,185	\$ -	\$ 8,131,185
State grants	1,179,378	-	1,179,378
Other program fees	2,723,212	-	2,723,212
Proceeds from sale of property	427,617	-	427,617
Total revenues	12,461,392	-	12,461,392
Expenditures			
Public safety			
Current			
Personal services and employee benefits	83,560,889	-	83,560,889
Contractual services	4,155,968	-	4,155,968
Other costs	27,119,075	-	27,119,075
Capital outlay	7,631,289	-	7,631,289
Total expenditures	122,467,221	-	122,467,221
Excess (deficiency) of revenues over expenditures	(110,005,829)	-	(110,005,829)
Other financing sources (uses)			
State General Fund appropriations	96,513,200	-	96,513,200
State Road Fund appropriations	5,844,300	-	5,844,300
Weight Distance Tax Permit Fund appropriations	1,265,900	-	1,265,900
Reversions to State General Fund	(338,349)	-	(338,349)
Interagency transfer in	1,532,201	-	1,532,201
Interfund transfer in	2,186,560	-	2,186,560
Total other financing sources (uses)	107,003,812	-	107,003,812
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(3,002,017)	-	(3,002,017)
Fund balance, beginning	3,578,225	-	3,578,225
Fund balance, ending	\$ 576,208	\$ -	\$ 576,208

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
PUBLIC SAFETY PROGRAM SUPPORT - FUND 128 P503
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 4,736,000	\$ 4,736,000	\$ 4,736,000	\$ -
Other appropriations	-	-	-	-
Federal funds	4,816,100	4,816,100	1,665,914	(3,150,186)
Other state funds	-	-	5,090	5,090
Other financing sources	22,700	22,700	22,700	-
Total revenues	9,574,800	9,574,800	6,429,704	(3,145,096)
Prior year cash budgeted	-	-	-	-
Total budgeted revenues	9,574,800	9,574,800	6,429,704	(3,145,096)
Expenditures				
Personal services and benefits	4,201,000	4,062,000	3,766,606	295,394
Contract services	194,200	230,200	137,107	93,093
Other	5,179,600	5,282,600	2,505,611	2,776,989
Other financing uses	-	-	-	-
Total budgeted expenditures	9,574,800	9,574,800	6,409,324	3,165,476
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	20,380	<u>\$ 20,380</u>
GAAP basis reconciliation				
Reversion to State General Fund			<u>(20,380)</u>	
Net change in fund balance			<u>\$ -</u>	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
LAW ENFORCEMENT PROGRAM - FUND 128 P504
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 70,774,100	\$ 70,774,100	\$ 70,774,100	\$ -
Other appropriations	-	-	-	-
Federal funds	5,461,700	5,461,700	2,568,383	(2,893,317)
Other state funds	4,568,600	4,608,600	1,679,970	(2,928,630)
Other financing sources	4,518,500	4,518,500	2,949,457	(1,569,043)
Total revenues	85,322,900	85,362,900	77,971,910	(7,390,990)
Prior year cash budgeted	-	-	-	-
Total budgeted revenues	85,322,900	85,362,900	77,971,910	(7,390,990)
Expenditures				
Personal services and benefits	61,637,200	60,267,200	56,900,332	3,366,868
Contract services	1,607,700	1,657,700	1,125,697	532,003
Other	22,078,000	23,438,000	19,829,114	3,608,886
Other financing uses	-	-	-	-
Total budgeted expenditures	85,322,900	85,362,900	77,855,143	7,507,757
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	116,767	<u>\$ 116,767</u>
GAAP basis reconciliation				
Reversion to State General Fund			<u>(116,767)</u>	
Net change in fund balance			<u>\$ -</u>	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
MOTOR TRANSPORTATION PROGRAM - FUND 128 P781
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 10,269,200	\$ 10,269,200	\$ 10,269,200	\$ -
Other appropriations	7,110,200	7,110,200	7,110,200	-
Federal funds	5,987,300	6,216,520	3,233,979	(2,982,541)
Other state funds	2,530,000	2,530,000	650,265	(1,879,735)
Other financing sources	204,500	204,500	204,500	-
	26,101,200	26,330,420	21,468,144	(4,862,276)
 Total revenues	 26,101,200	 26,330,420	 21,468,144	 (4,862,276)
 Prior year cash budgeted	 -	 -	 -	 -
 Total budgeted revenues	 26,101,200	 26,330,420	 21,468,144	 (4,862,276)
 Expenditures				
Personal services and benefits	17,659,800	17,187,124	14,705,677	2,481,447
Contract services	3,268,800	3,388,800	1,120,429	2,268,371
Other	5,172,600	5,754,496	5,524,853	229,643
Other financing uses	-	-	-	-
	-	-	-	-
 Total budgeted expenditures	 26,101,200	 26,330,420	 21,350,959	 4,979,461
 Excess (deficiency) of revenue over expenditures	 \$ -	 \$ -	 117,185	 \$ 117,185
 GAAP basis reconciliation				
Reversion to State General Fund			(110,935)	
 Net change in fund balance			 \$ 6,250	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
STATEWIDE LAW ENFORCEMENT SUPPORT PROGRAM - FUND 128 P786
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 10,333,900	\$ 10,333,900	\$ 10,333,900	\$ -
Other appropriations	-	-	-	-
Federal funds	3,180,100	3,180,100	662,909	(2,517,191)
Other state funds	1,873,000	2,003,000	1,994,882	(8,118)
Other financing sources	825,500	825,500	292,104	(533,396)
Total revenues	16,212,500	16,342,500	13,283,795	(3,058,705)
Prior year cash budgeted	-	-	-	-
Total budgeted revenues	16,212,500	16,342,500	13,283,795	(3,058,705)
Expenditures				
Personal services and benefits	9,761,600	8,745,600	8,188,274	557,326
Contract services	2,531,500	2,901,500	1,528,655	1,372,845
Other	3,919,400	4,695,400	3,498,871	1,196,529
Other financing uses	-	-	-	-
Total budgeted expenditures	16,212,500	16,342,500	13,215,800	3,126,700
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	67,995	\$ 67,995
GAAP basis reconciliation				
Reversion to State General Fund			(67,492)	
Net change in fund balance			\$ 503	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
SPECIAL MULTI-YEAR APPROPRIATION - WIDE AREA NETWORK CIRCUITS - ENDS JUNE 30, 2014 - FUND 128 Z20529
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Other appropriations	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	-	-	-	-
Prior year cash budgeted	-	200,000	-	(200,000)
Total budgeted revenues	-	200,000	-	(200,000)
Expenditures				
Personal services and benefits	-	-	-	-
Contract services	-	-	-	-
Other	-	200,000	183,146	16,854
Other financing uses	-	-	-	-
Total budgeted expenditures	-	200,000	183,146	16,854
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(183,146)	<u>\$ (183,146)</u>
GAAP basis reconciliation				
Reversion to State General Fund			<u>(16,854)</u>	
Net change in fund balance			<u>\$ (200,000)</u>	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
DATA PROCESSING APPROPRIATION - REPLACE CAD - ENDS JUNE 30, 2014 - FUND 128 Z20719
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Other appropriations	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	250,000	250,000	-
Total revenues	-	250,000	250,000	-
Prior year cash budgeted	-	-	-	-
Total budgeted revenues	-	250,000	250,000	-
Expenditures				
Personal services and benefits	-	-	-	-
Contract services	-	250,000	244,080	5,920
Other	-	-	-	-
Other financing uses	-	-	-	-
Total budgeted expenditures	-	250,000	244,080	5,920
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	5,920	<u>\$ 5,920</u>
GAAP basis reconciliation				
Reversion to State General Fund			<u>(5,920)</u>	
Net change in fund balance			<u>\$ -</u>	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
SPECIAL APPROPRIATION - VEHICLE REPLACEMENT - ENDS JUNE 30, 2014 - FUND 128 Z30562
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Other appropriations	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
	-	-	-	-
Total revenues	-	-	-	-
Prior year cash budgeted	-	-	-	-
Total budgeted revenues	-	-	-	-
Expenditures				
Personal services and benefits	-	-	-	-
Contract services	-	-	-	-
Other	2,412,700	2,412,700	2,412,699	1
Other financing uses	-	-	-	-
	-	-	-	-
Total budgeted expenditures	2,412,700	2,412,700	2,412,699	1
Excess (deficiency) of revenue over expenditures	<u>\$ (2,412,700)</u>	<u>\$ (2,412,700)</u>	(2,412,699)	<u>\$ 1</u>
GAAP basis reconciliation				
Reversion to State General Fund			(1)	
Net change in fund balance			<u>\$ (2,412,700)</u>	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
SPECIAL APPROPRIATION - IN-CAR DIGITAL RECORDING EQUIPMENT - ENDS JUNE 30, 2014 - FUND 128 Z30563
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Other appropriations	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	-	-	-	-
Prior year cash budgeted	796,070	796,070	-	-
Total budgeted revenues	796,070	796,070	-	-
Expenditures				
Personal services and benefits	-	-	-	-
Contract services	-	-	-	-
Other	796,070	796,070	796,070	-
Other financing uses	-	-	-	-
Total budgeted expenditures	796,070	796,070	796,070	-
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(796,070)	<u>\$ -</u>
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			<u>\$ (796,070)</u>	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
SPECIAL APPROPRIATION - VEHICLE REPLACEMENT - FUND 128 Z40569
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ 400,000	\$ 400,000	\$ -
Other appropriations	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	-	400,000	400,000	-
Prior year cash budgeted	-	-	-	-
Total budgeted revenues	-	400,000	400,000	-
Expenditures				
Personal services and benefits	-	-	-	-
Contract services	-	-	-	-
Other	-	400,000	-	400,000
Other financing uses	-	-	-	-
Total budgeted expenditures	-	400,000	-	400,000
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	400,000	<u>\$ 400,000</u>
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			<u>\$ 400,000</u>	

State of New Mexico
Department of Public Safety

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

June 30, 2014

	State Chemist Fees (27300)	CSA Forfeitures (34200)	Orphan Material Recovery (67000)	Special Law Enforcement Advanced Training (78600)
ASSETS				
Interest in State Treasurer General Fund Investment Pool	\$ 680,448	\$ 34,659	\$ 5,029	\$ 30,486
Cash in banks	-	-	-	-
Cash on hand	-	-	-	-
Due from other funds	90,296	-	-	-
Due from other state agencies	18,614	-	-	-
Due from federal government	-	-	-	-
Due from local government less allowance for doubtful accounts of \$379,548	-	-	-	26,621
Total assets	<u>\$ 789,358</u>	<u>\$ 34,659</u>	<u>\$ 5,029</u>	<u>\$ 57,107</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	49,064
Due to State General Fund	-	-	-	8,043
Total liabilities	-	-	-	57,107
Fund Balances				
Spendable				
Restricted	789,358	34,659	5,029	-
Total fund balances	789,358	34,659	5,029	-
Total liabilities and fund balances	<u>\$ 789,358</u>	<u>\$ 34,659</u>	<u>\$ 5,029</u>	<u>\$ 57,107</u>

Revenue Funds					Capital Projects Funds			Total Non-Major Governmental Funds
Federal Forfeitures MTD (34300)	Crime Stoppers Rewards (89400)	Peace Officers' Fund (34600)	Special Donations (88200)	ARRA (89000)	Capital Projects Fund (09000)	Capital Projects Fund (89200)	Capital Projects Fund (93100)	
\$ -	\$ 21,043	\$ 100,532	\$ 5,636	\$ 52	\$ 100,899	\$ -	\$ -	\$ 978,784
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	90,296
-	-	7	-	-	-	-	-	18,621
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	26,621
<u>\$ -</u>	<u>\$ 21,043</u>	<u>\$ 100,539</u>	<u>\$ 5,636</u>	<u>\$ 52</u>	<u>\$ 100,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,114,322</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	49,064
-	-	-	-	-	-	-	-	8,043
-	-	-	-	-	-	-	-	57,107
-	21,043	100,539	5,636	52	100,899	-	-	1,057,215
-	21,043	100,539	5,636	52	100,899	-	-	1,057,215
<u>\$ -</u>	<u>\$ 21,043</u>	<u>\$ 100,539</u>	<u>\$ 5,636</u>	<u>\$ 52</u>	<u>\$ 100,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,114,322</u>

State of New Mexico
Department of Public Safety

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

June 30, 2014

	State Chemist Fees (27300)	CSA Forfeitures (34200)	Orphan Material Recovery (67000)	Law Enforcement Advanced Training (78600)
Revenues				
Federal revenue	\$ -	\$ -	\$ -	\$ -
Other state funds				
Fees	217,334	-	-	-
Admissions	-	-	-	110,651
Forfeitures	-	34,459	-	-
Other	-	-	-	-
Total revenues	217,334	34,459	-	110,651
Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	217,334	34,459	-	110,651
Other financing sources (uses)				
State General Fund appropriation	-	-	-	-
Reversion to state general fund	-	-	-	(8,043)
Other sources	-	-	-	-
Interfund transfers in	-	-	-	-
Interfund transfers out	(143,995)	(30,473)	-	(102,608)
Total other financing sources (uses)	(143,995)	(30,473)	-	(110,651)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	73,339	3,986	-	-
Fund balance, beginning	716,019	30,673	5,029	-
Fund balance, ending	<u>\$ 789,358</u>	<u>\$ 34,659</u>	<u>\$ 5,029</u>	<u>\$ -</u>

Special Revenue Funds					Capital Projects Funds			Total Non-Major Governmental Funds
Federal Forfeitures MTD (34300)	Crime Stoppers Rewards (89400)	Peace Officers' Fund (34600)	Special Donations (88200)	ARRA (89000)	Capital Projects Fund (09000)	Capital Projects Fund (89200)	Capital Projects Fund (93100)	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	217,334
-	-	-	-	-	-	-	-	110,651
-	-	-	-	-	-	-	-	34,459
-	-	215	-	-	-	-	-	215
-	-	215	-	-	-	-	-	362,659
-	-	250,000	-	-	-	-	-	250,000
-	-	250,000	-	-	-	-	-	250,000
-	-	(249,785)	-	-	-	-	-	112,659
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(8,043)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(277,076)
-	-	-	-	-	-	-	-	(285,119)
-	-	(249,785)	-	-	-	-	-	(172,460)
-	21,043	350,324	5,636	52	100,899	-	-	1,229,675
<u>\$ -</u>	<u>\$ 21,043</u>	<u>\$ 100,539</u>	<u>\$ 5,636</u>	<u>\$ 52</u>	<u>\$ 100,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057,215</u>

State of New Mexico
Department of Public Safety

**NON-MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
STATE CHEMIST FEES - FUND 272**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 250,000	\$ 250,000	\$ 217,334	\$ (32,666)
Total revenues	250,000	250,000	217,334	(32,666)
Prior year fund balance budgeted	150,000	150,000	-	(150,000)
Total budgeted revenues	400,000	400,000	217,334	(182,666)
Expenditures				
Other financing uses	400,000	400,000	143,995	256,005
Total budgeted expenditures	400,000	400,000	143,995	256,005
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	73,339	\$ 73,339
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ 73,339	

State of New Mexico
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**NON-MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
CSA STATE FORFEITURES - FUND 342**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ -	\$ -	\$ 34,459	\$ 34,459
Total revenues	-	-	34,459	34,459
Prior year fund balance budgeted	30,600	30,600	-	(30,600)
Total budgeted revenues	30,600	30,600	34,459	3,859
Expenditures				
Other financing uses	30,600	30,600	30,473	127
Total budgeted expenditures	30,600	30,600	30,473	127
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	3,986	\$ 3,986
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ 3,986	

State of New Mexico
Department of Public Safety

**NON-MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
PEACE OFFICERS' SURVIVORS - FUND 346**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ -	\$ -	\$ 215	\$ 215
Other financing sources	-	-	-	-
Total revenues	-	-	215	215
Prior year fund balance budgeted	-	250,000	-	(250,000)
Total budgeted revenues	-	250,000	215	(249,785)
Expenditures				
Other	-	250,000	250,000	-
Total budgeted expenditures	-	250,000	250,000	-
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(249,785)	<u>\$ (249,785)</u>
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			<u>\$ (249,785)</u>	

State of New Mexico
Department of Public Safety

**NON-MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
ORPHAN HAZARDOUS MATERIALS - FUND 670**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Prior year fund balance budgeted	-	-	-	-
Total budgeted revenues	-	-	-	-
Expenditures				
Other financing uses	-	-	-	-
Total budgeted expenditures	-	-	-	-
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			<u>\$ -</u>	

State of New Mexico
Department of Public Safety

**NON-MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
ADVANCED TRAINING FEES - FUND 786**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 380,000	\$ 380,000	\$ 110,651	\$ (269,349)
Total revenues	380,000	380,000	110,651	(269,349)
Prior year fund balance budgeted	-	-	-	-
Total budgeted revenues	380,000	380,000	110,651	(269,349)
Expenditures				
Other financing uses	380,000	380,000	102,608	277,392
Total budgeted expenditures	380,000	380,000	102,608	277,392
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	8,043	\$ 8,043
GAAP basis reconciliation				
Reversion to State General Fund			(8,043)	
Net change in fund balance			\$ -	

State of New Mexico
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**NON-MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
SPECIAL DONATIONS - FUND 882**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Prior year fund balance budgeted	-	-	-	-
Total budgeted revenues	-	-	-	-
Expenditures				
Other financing uses	-	-	-	-
Total budgeted expenditures	-	-	-	-
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	-	\$ -
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ -	

Inactive funds with no activity continue to be presented in these financial statements since they still legally exist with the State of New Mexico.

State of New Mexico
Department of Public Safety

**NON-MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
AMERICAN RECOVER AND INVESTMENT ACT - FUND 890
US DEPARTMENT OF JUSTICE - JUSTICE ASSISTANCE GRANT**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Prior year fund balance budgeted	-	-	-	-
Total budgeted revenues	-	-	-	-
Expenditures				
Other financing uses	-	-	-	-
Total budgeted expenditures	-	-	-	-
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	-	\$ -
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ -	

Inactive funds with no activity continue to be presented in these financial statements since they still legally exist with the State of New Mexico.

State of New Mexico
Department of Public Safety

**NON-MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
FLEET REPLACEMENT - ENDS JUNE 30, 2014 - FUND 892**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Other appropriations	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	6	6	-	(6)
Total revenues	6	6	-	(6)
Prior year fund balance budgeted	-	-	-	-
Total budgeted revenues	6	6	-	(6)
Expenditures				
Personal services and benefits	-	-	-	-
Contract services	-	-	-	-
Other	6	6	-	6
Other financing uses	-	-	-	-
Total budgeted expenditures	6	6	-	6
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	-	\$ -
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ -	

The fund was inactive for the year.

State of New Mexico
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**NON-MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
LAW ENFORCEMENT VEHICLES - ENDS JUNE 30, 2014 - FUND 931**

Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Other appropriations	-	-	-	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Reversions	-	-	-	-
Total revenues	-	-	-	-
Prior year fund balance budgeted	-	-	-	-
Total budgeted revenues	-	-	-	-
Expenditures				
Personal services and benefits	-	-	-	-
Contract services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
Total budgeted expenditures	-	-	-	-
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			<u>\$ -</u>	

Inactive funds with no activity continue to be presented in these financial statements since they still legally exist with the State of New Mexico.

State of New Mexico
Department of Public Safety

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS**

June 30, 2014

	<u>DNA Fund</u>	<u>Evidence Fund</u>	<u>Governmental Gross Receipts Tax Fund</u>	<u>Total</u>
ASSETS				
Interest in State Treasurer General Fund Investment Pool	<u>\$ 254,537</u>	<u>\$ 139,780</u>	<u>\$ -</u>	<u>\$ 394,317</u>
Total assets	<u><u>\$ 254,537</u></u>	<u><u>\$ 139,780</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 394,317</u></u>
LIABILITIES				
Assets held for others	<u>\$ 254,537</u>	<u>\$ 139,780</u>	<u>\$ -</u>	<u>\$ 394,317</u>
Total liabilities	<u><u>\$ 254,537</u></u>	<u><u>\$ 139,780</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 394,317</u></u>

State of New Mexico
Department of Public Safety

**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS**

June 30, 2014

	Balance June 30, 2013	Additions	(Deductions)	Balance June 30, 2014
DNA Fund (402000)				
ASSETS				
Interest in State Treasurer General Fund Investment Pool	\$ 270,720	\$ 254,601	\$ (270,784)	\$ 254,537
LIABILITIES				
Assets held for others	\$ 270,720	\$ 254,601	\$ (270,784)	\$ 254,537
Evidence Fund (105600)				
ASSETS				
Interest in State Treasurer General Fund Investment Pool	\$ 139,942	\$ -	\$ (162)	\$ 139,780
LIABILITIES				
Assets held for others	\$ 139,942	\$ -	\$ (162)	\$ 139,780
Governmental Gross Receipts Tax Fund (787000)				
ASSETS				
Interest in State Treasurer General Fund Investment Pool	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-
	\$ -	\$ -	\$ -	\$ -
LIABILITIES				
Assets held for others	\$ -	\$ -	\$ -	\$ -
Total Agency Funds				
ASSETS				
Interest in State Treasurer General Fund Investment Pool	\$ 410,662	\$ 254,601	\$ (270,946)	\$ 394,317
LIABILITIES				
Assets held for others	\$ 410,662	\$ 254,601	\$ (270,946)	\$ 394,317

State of New Mexico
Department of Public Safety

SCHEDULE OF CASH

June 30, 2014

Name of Depository	Account Name	SHARE Fund No.	Type of Account	Interest Bearing	Bank Balance at June 30, 2014	Reconciled Balance at June 30, 2014
Governmental Fund Types						
General Fund						
New Mexico State Treasurer	Department of Public Safety	128000	State Treasury	No	\$ 3,963,107	\$ 3,963,107
New Mexico State Treasurer	Local Law Enforcement Block Grant	696000	State Treasury	No	-	-
Wells Fargo Bank	Contingency Fund Account	128000	Wells Fargo - Checking	No	5,254	5,254
	SID Regular Contingency	128000	Cash on Hand	N/A	-	4,311
	SID - DOH Cigarette/Tobacco	128000	Cash on Hand	N/A	-	2,075
	Petty Cash and Change Funds	128000	Cash on Hand	N/A	-	14,300
Wells Fargo Bank	SID Contingency Fund Account	128000	Wells Fargo - Checking	No	<u>4,129</u>	<u>4,129</u>
Total General Fund Cash					3,972,490	3,993,176
Special Revenue Funds						
New Mexico State Treasurer	Forfeitures CSA	342000	State Treasury	No	34,659	34,659
New Mexico State Treasurer	Federal Forfeitures	343000	State Treasury	Yes	2,531,385	2,531,385
New Mexico State Treasurer	DPS - Peace Officers Survival Fund	346000	State Treasury	Yes	100,532	100,532
New Mexico State Treasurer	DPS - Governmental Gross Receipts	787000	State Treasury	No	-	-
New Mexico State Treasurer	ARRA	890000	State Treasury	No	-	52
New Mexico State Treasurer	Orphan Material Recovery	670000	State Treasury	No	5,029	5,029
New Mexico State Treasurer	Law Enforcement Training	786000	State Treasury	No	30,486	30,486
New Mexico State Treasurer	Concealed Carry Handgun	594000	State Treasury	No	1,135,932	1,135,932
New Mexico State Treasurer	State Chemist Fees	272000	State Treasury	No	680,448	680,448
New Mexico State Treasurer	Crime Stopper Commission	904000	State Treasury	No	-	-
New Mexico State Treasurer	Federal Forfeitures - Treasury	719000	State Treasury	Yes	1,135,796	1,135,796
Bank of America	Crime Stoppers Rewards	894000	Checking	No	21,043	21,043
Bank of America	Procurement of Evidence	128000	Checking	No	50,180	50,180
	Cash w/Undercover Agents - Narc	128000	Cash on Hand	N/A	-	18,703
	Cash in vault - Federal Forfeitures	343000	Cash in Vault	N/A	-	100,000
New Mexico State Treasurer	Special Donations	882000	State Treasury	No	<u>5,636</u>	<u>5,636</u>
Total Special Revenue Funds					5,731,126	5,849,881
Capital Projects						
New Mexico State Treasurer	Capital Projects	090000	State Treasury	No	100,899	100,899
New Mexico State Treasurer	Capital Projects	892000	State Treasury	No	-	-
New Mexico State Treasurer	Capital Projects	931000	State Treasury	No	<u>-</u>	<u>-</u>
Total Capital Projects Funds					100,899	100,899
Total Governmental Fund Types					9,804,515	9,943,956
Fiduciary Fund Types						
Agency Funds						
New Mexico State Treasurer	DPS - DNA Identification Fund	402000	State Treasury	No	254,537	254,537
New Mexico State Treasurer	Cash in Vault - Confiscated Evidence	105600	Cash on Hand	No	<u>-</u>	<u>139,780</u>
Total Agency Funds					<u>254,537</u>	<u>394,317</u>
Total Cash					<u>\$ 10,059,052</u>	<u>\$ 10,338,273</u>

State of New Mexico
Department of Public Safety

**SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
PROFESSIONAL SERVICES CONTRACTS – EXECUTED/IN PLACE**

Year Ended June 30, 2014

Contractor	FY14 Dollar Amt.	Description of Services	Effective Date	End Date
Atkinson & Co., Ltd (PSC)	\$79,180	Annual Audit Contract; audit for FY14	7/1/13	6/30/14
Computer Projects of IL (PSC)	\$0 in FY14	NMLETS Maintenance/Extended Warranty		9/27/13
Computer Projects of IL (IT PSC) Amendment 3	\$20,136	Enhancement to OpenFox message switch and Hot Files implementation; extend term	8/30/13	9/27/13
Concentra (PSC)	Total 800K for 4 years. FY14: \$28,355 0001; \$10,085 0002; \$16,800 0003.	Medical Exams	12/19/13	12/18/17
Dr. Lori Martinez-Coticelli (PSC)	\$45,960	Psychologist for Police Officer Support Team	7/1/13	6/30/14
Deloitte Consulting (IT PSC)	\$349,800	Implement Agency specific SHARE configuration changes in the SHARE Grants Suite	5/28/13	4/30/14
Diverse Computing (IT PSC)	\$0 in FY14	Assist DPS in implementing a query based interface module that supports wired and laptop computers in patrol vehicles	9/28/09	8/31/13
Diverse Computing Inc (IT PSC)	\$0 in FY14	Amendment 1 to remove Deliverable Number 2 and change Deliverable 7 (retainage amount)	4/13/10	8/31/13
Diverse Computing Inc (IT PSC)	\$0 in FY14	Amendment 2/adding deliverable Smartphone Application License	11/16/11	8/31/13
Elliott Consulting LLC (PSC)	\$6,050	Latent Fingerprint Casework examinations	5/22/14	6/30/14
EMS Aspects LLC (PSC)	\$58,088	Provide American Heart Assoc AED w/First Aid courses (66) overall-AED Implementation-Quality Assurance-Medical Direction	10/30/13	10/29/14
Forensic Behavioral Health (PSC)	\$50,000	Psychological exams	7/1/13	6/30/14
Forensic Behavioral Health Assoc, Amendment One (PSC)	\$5,000	Psychological Exams (SID)	10/17/13	6/30/14
Jim DeLung LLC, dba DeLung.com (PSC)	\$6,960	Training course: Essentials of Leadership through Organization Behavior; Training Today's Generationally Diverse Workforce	10/17/13	6/30/14
Hartman & Majewski Design Group	\$25,000	Feasibility Study for MTPD Texico Port Of Entry	5/13/14	6/30/14
Intelligent Imaging Systems (IT PSC)	\$66,667	Maintenance on MTPD Smart Portals	9/1/12	8/31/13
Intelligent Imaging Systems (IT PSC)	\$463,055	Maintenance on MTPD Smart Portals	9/1/13	8/31/14
Intelligent Imaging Systems (IT PSC)	\$996,883	Design and Installation of multiple new items plus Deployment of the WIM+Lane Control integration	2/20/13	5/30/15
Intl Road Dynamics (IT PSC)	\$44,580	Maintenance on Weigh-In Scales MTPD	7/1/13	6/30/14
LifeLine Training Inc. dba Calibre Press	\$5,900	Course entitled "Warrior's Edge" presented as keynote address at New Mexico Gang Task Force Conference	3/24/14	6/30/14
Momentum LLC (PSC)	\$5,312 for FY14, \$75,863 for FY15	Functional leadership, application and advisory services pertaining to variety of PeopleSoft Solutions pertaining to DPS Grants and Projects Billing functions	5/28/14	12/31/14
Morphotrak (IT PSC)	\$277,337	AFIS Maintenance	5/18/10	5/17/14
Morphotrak (IT PSC)	\$53,306	Sole Source Maintenance on Biometric Server, RapIT MR1100W, Digi Scan Web Client License Software and FIIS FastID Interface Server	12/11/13	11/30/14
Morphotrak (IT PSC)	\$0 in FY14	Modifications to Sex Offender system	6/5/13	6/4/14
Morphotrak (IT PSC) Amendment One	\$0 in FY14	Remove Source Code Language from original contract Mod to Sex Offender Workflow, -01048	7/22/13	6/4/14
Morphotrak (IT PSC)	\$191,774	AFIS Upgrades	6/14/13	6/13/14
MTG Management Consultants (IT) (PSC)	\$52,421	CAD/MDC business process assessment, recommendation and mapping	3/31/14	6/30/14
Neville Kenning, Kenning Consulting (PSC)	\$41,652	Review and Redesign of the Agency Officer Pay Plans	8/12/13	8/11/14
Dr. Elisabeth Perry (PSC)	\$50,000	Psychological exams	7/1/13	6/30/14
ProMiles Software Development Corp (PSC)	\$1,434,752 (\$0 in FY14)	Implementation of Permitting System MTPD	5/29/14	5/28/2018
RCC Consultants Inc	\$77,688	Development of DPS CAD replacement RFP	9/6/13	5/2/14
RCC Consultants Inc (IT PSC)	\$0	Amendment One/Development of DPS CAD replacement RFP; extension of term only from 1/31/14	2/1/14	5/2/14
RCC Consultants Inc. (IT) (PSC)	\$52,093	Gather requirements and develop RFP for Statewide Records Management System (RMS)	4/21/14	6/30/14
John E Reid & Assoc Inc (PSC)	\$16,500	Seminars re Reid Techniques of Interviewing and Interrogating	9/5/13	6/30/14
Ron Smith & Associates, Inc. (PSC)	\$43,303	Examination of Latent Finger Print Cases Work for TESD at SF lab	1/13/14	1/12/15
Ron Smith & Associates, Inc. (PSC) Emergency contract	\$43,303	Examinations of latent fingerprint	3/31/13	6/30/14
Santa Fe Aero Services LLC	\$8,500	Appraisal and Broker of NMSP Aircraft Cessna 421C	5/22/14	5/30/15
T S Hazmat Consulting dba Signet N. America (PSC)	\$11,709	Contractor will provide The Hazardous Materials Safety Officer course	4/22/14	6/30/14
Universal Investigations (PSC)	\$0 in FY14	Investigate Claims	4/12/13	4/11/14
Watch Systems LLC	\$0 in FY14	OffenderWatch Sex Offender Registry System	9/4/12	9/3/14
Watch Systems LLC	\$0 in FY14	OffenderWatch Sex Offender Registry System/Electronic Signature Pad System Interface	4/16/13	9/3/14
Western New Mexico Univ	\$3,500	Driving Course at DPS Santa Fe, March 10-14, 2014	3/6/14	3/14/14
Xerox (PSC)	\$54,554	Maintenance of MTPD Permitting System	7/1/12	8/31/13
Xerox (IT PSC)	\$272,771	Maintenance Permitting System MTPD (total contract \$327,325.44)	9/15/13	8/31/14

State of New Mexico
Department of Public Safety

**SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING –
CONTINUED
MISCELLANEOUS AGREEMENTS – EXECUTED/IN PLACE**

Year Ended June 30, 2014

Contractor	FY14 Dollar Amt	Description of Services	Effective Date	End Date
JPA:				
Bernalillo County (JPA)	\$0	E911 equipment use/maintenance at District 5 Albuquerque	11/24/09	Indefinite
BLM (JPA)	\$0	Officer involved shootings investigations	7/26/10	7/25/15
Chaves County/Roswell PD/DPS (JPA)	\$0	Officer involved incident investigations	3/24/09	Indefinite
City of Albuquerque for Abq Police Dept (JPA)	\$0	Designate APD Crime Lab as the agency that administers and operates the DNA ID System	1/3/11	Indefinite
Dona Ana County/Las Cruces Police/NMSU Police (JPA)	\$0	Officer-involved incident investigations	10/14/09	Indefinite
Energy Minerals & Nat Rscs/Dept of Heath/NM Environment/Office of State Marshall, Dept of Homeland Security Emergency Management/DPS (JPA)	\$0	Emergency Preparation and Monitoring of shipments to WIPP	5/12/08	Indefinite
Luna County (JPA)	\$0	Authorize Luna County Regional Dispatch Auth to use NM SP CAD	8/15/12	Upon notice
McKinley County/Gallup PD/DPS (JPA)	\$0	Officer involved incident investigations	3/24/09	Indefinite
Mesilla Valley Dispatch Auth (JPA)	\$0	E911 Service to Dona Ana County	4/19/06	Indefinite
NMSU (JPA)	\$120,000 (revenue, for 3 years)	Law enforcement at NMSU events	8/31/11	8/30/14
San Juan County/Aztec, Bloomfield, Farmington Police (JPA)	\$0	Officer-involved incident investigations	8/27/09	Indefinite
Santa Fe County (JPA)	\$0	E911 equipment usage Emergency Comm center	11/17/09	Indefinite
San Juan Criminal Just Trng Auth (JPA)	\$0	Participation in joint training facility	12/20/10	Indefinite
Sierra County (JPA)	\$0	Authorize County Regional Dispatch Authority to use NM State Police CAD	3/20/12	3/19/16
NM State Fair Commission (EXPO) (JPA)	\$130,000 (revenue)	Law enforcement at the 2013 State Fair	8/15/13	2/28/14
Village of Maxwell (JPA)	\$0	Law Enforcement Services	7/8/10	6/30/15
Village of Pecos (JPA)	\$0	Law Enforcement Services	7/1/00	Upon notice
Village of Ruidoso (JPA)	\$22,909	Lease of Office Space	7/1/10	Upon notice
Village of Wagon Mound (JPA)	\$0	Law Enforcement Services	7/26/10	6/30/15

State of New Mexico
Department of Public Safety

**SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING –
CONTINUED
MISCELLANEOUS AGREEMENTS – EXECUTED/IN PLACE – CONTINUED**

Year Ended June 30, 2014

Contractor	FY14 Dollar Amt	Description of Services	Effective Date	End Date
49th Security Forces Squadron (49 SFS)/Holloman	\$0	Law enforcement support for 49th Security (49 SFS) at Holloman AFB	3/15/11	3/14/14
49th Security Forces Squadron (49 SFS)/Holloman AFB/Otero County Sheriff/Alamogordo DPS (MOU)	\$0	Document to outline procedure when NMSP (or Otero County etc.) asks 49th Security (49 SFS) for Emergency Military Working Dog Detection (MWDD) support for explosive detection	7/31/12	7/30/15
377th Airbase Wing/Kirtland AFB (MOU)	\$0	Establishing written procedures concerning cooperation/coordination of effort in criminal investigations	2/4/14	Upon 60 day notice
Administrative Office of Courts (AOC)/Judicial Info Division (JID) (MOU)	\$8,000	Operating Transfer of 8K for Authentication software update to existing multi-discipline criminal justice database (Records)	6/5/13	Upon transfer
Administrative Office of the Courts (MOU)	\$2,000 (revenue)	NMSP Participation in DWI/Drug Court	8/5/13	6/30/14
Administrative Office of the Courts (MOU)	\$150,000 (revenue)	SF Magistrate Court Bench Warrants	10/2/13	6/30/14
Air Force Rescue Coordination Center (AFRCC) (MOU)	\$0	To delineate op procedures pursuant to the SAR Agreement MOA between NM and Inland SAR Coordinator	9/5/12	Upon notice
Albuquerque Police Dept (MOU)	\$0	Use of Abq PD Firing Range	4/7/10	Indefinite
SAR Coordinator for Inland Region in support of Natl Search & Rescue Plan (MOA) (in coordination w/above MOU AFRCC)	\$0	To ensure effective use of all available facilities for Search & Rescue (SAR), incorporate SAR agencies of NM into the basic SAR network and to provide an avenue for further agrmnts betw Air Force Rescue Coordination Center (AFRCC) and NM	9/5/12	Upon notice
AUI Inc (MOU)	\$10,000 (revenue)	Traffic enforcement on State Road 599/Junction SF County Rd 62/construction project	9/6/12	12/21/13
AUI Inc (MOU)	\$15,000 (revenue)	Traffic enforcement US 84/285 MP 182.495	12/10/12	9/1/13
AUI Inc (MOU)	\$15,000 (revenue)	Traffic Enforcement I 40 EB and/or WB Bernalillo County (Rio Puerco)	5/10/13	9/1/13
AUI Inc (MOU)	\$15,000 (revenue)	Traffic enforcement I40 EB and/or WB Bernalillo County (Rio Puerco)	9/2/13	11/30/14
CO Dept of Revenue (MOU)	\$0	Enforcement and tax collection process defined betw NM MTPD and CO Dept of Revenue	7/19/10	6/30/14
Confidential Protection Svcs (MOU)	\$50,000 revenue	State Police law enforcement at US Govt audit sites	2/6/13	Upon notice
Defense Courier Station CO Springs NMSP (MOA)	\$0	Procedure for NMSP contact w/Defense Courier shipments in NM	10/24/12	10/23/14
Defense Logistics Agency-Dept of Defense (DOD) (MOU)	\$0	Disposition of DOD excess personal property	1/30/14	Upon notice
Dept of Info Tech NM (DoIT) (MOU)	\$0	Loan of DPS owned vehicle for DoIT to use to reach hard to access locations for Law Enforcement communications	5/2/12	Indefinite
Downs Racetrack & Casino (MOU)	\$540	Traffic Control/Law Enforcement at Fireworks display at Expo NM	7/11/14	7/13/14
Drivewyze (MOU)	\$0	Operation Field Tests of Drivewyze technology/Commercial vehicle bypass program/MTPD	9/6/12	Upon notice
EI Terroro Construction (MOU)	\$10,000 (revenue)	Traffic Enforcement I-25/St Francis Dr, Santa Fe	9/28/12	12/21/13
EI Terroro Construction (MOU)	\$60.00/hour; total \$10K (revenue)	Traffic control in construction zone	12/6/13	12/22/13
Empire Transport (MOU)	\$10,000 (revenue)	Traffic Enforcement/Oversize Escort	1/16/13	12/31/13
FBI (MOU)	OT Reimbursement	So. NM Gang Task Force	2/19/10	Indefinite
FBI (MOU)	Cost reimbursement	Joint Terrorism Task Force	7/26/05	Indefinite
FBI (MOU)	\$0	Understanding re transmitting, receiving, and storage of info in NCIC	4/11/08	Indefinite
FBI (MOU)	\$0	Safe Streets Violent Gang Task Force (SSVGTF)	6/26/13	Upon notice
FBI (MOU)	\$0	Participation in Regional Computer Forensics Lab (RCFL)	12/15/09	Upon notice
G Sandoval Construction (MOU)	\$15,000	Traffic Enforcement in construction zone	5/2/14	5/16/14
G Sandoval Construction (MOU) Amendment One	\$0	Traffic Enforcement in construction zone	5/15/14	6/30/14
HP Communications Inc (MOU)	\$3,600 revenue	Traffic control in construction zone/Extending term only	5/8/14	5/31/14
Hound Dog Events LLC (MOU)	\$4,250 (revenue)	Law enforcement/Traffic Control Cycling Event Angel Fire	3/28/13	7/1/13
Human Services Dept-Child Enforcement (MOU)	\$60,000 (revenue)	Warrant Round-ups for HSD child support enforcement division	8/9/13	6/30/14
Immigration & Customs Enforcement (ICE) (MOU)	\$16,500/officer/year	Procedure/terms for reimbursement from ICE of costs incurred by DPS in providing resources to joint operations/task forces	2/17/10	Indefinite
Judicial Education (JEC) - UNM (MOU)	\$60.00/hour (revenue)	Security at several Judges Conferences	2/20/14	12/30/14

State of New Mexico
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**SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING –
CONTINUED
MISCELLANEOUS AGREEMENTS – EXECUTED/IN PLACE – CONTINUED**

Year Ended June 30, 2014

Contractor	FY14 Dollar Amt	Description of Services	Effective Date	End Date
Las Cruces Police Dept, Special Response Team (SWAT) (MOU)	\$0	Mutual law enforcement assistance at special situations	7/5/11	Upon notice
Los Alamos Site Office-Natl Nuclear Security Admin-DOE-LA County Police (MOU)	\$0	Cooperative agreement re procedures for off-site pursuit/recovery of missing Special Nuclear Materials (SNM)	1/17/13	1/16/18
Mastec (MOU)	\$1,875	Traffic Control	6/20/14	8/31/14
Mid Region Council of Governments/DOT/City of Abq/Bernalillo County/City of Rio Rancho (MOU)	\$0	Coordinate efforts to establish a Regional Transportation Management Ctr	12/3/13 DPS signed	6 years
NM Natl Guard (MOU)	\$0	Natl Guard use of DPS Range Complex	2/10/12	6/30/15
NM State Fair Comm (MOU)	\$38.00/hr (revenue)	Provide assistance & security at State Fairground events (other than the State Fair)	6/30/08	Indefinite
NM Gang Task Force (MOU)	\$0	Participation in NM Gang Task Force	2/17/11	2/17/14
NM Gang Task Force (MOU)	\$0	Participation in NM Gang Task Force	1/12/12	1/11/15
Operation Stonegarden/Dona Ana County (MOU)	\$100,000 (revenue)	Support of US Border Patrol and Customs Protection	12/17/12	8/31/14
Operation Stonegarden MTPD Hidalgo County (MOU)	\$129,220 (revenue)	Law Enforcement Svcs in support of US Border Patrol & Customs Protection - El Paso Sector	10/1/10	9/30/13
Operation Stonegarden/MTPD County of Hidalgo (MOU)	\$150,229 revenue	MTPD/Law Enforcement services in direct support of the US Border Patrol & Customs Protection-El Paso	5/10/13	9/30/14
Operation Stonegarden NMSP Hidalgo County (MOU)	\$129,054 (revenue)	Law Enforcement Svcs in support of US Border Patrol & Customs Protection - El Paso Sector	10/1/10	9/30/13
Operation Stonegarden NMSP Hidalgo County (MOU) Amendment One	\$0	Amendment One: moved allocations of money only; no other change.	3/6/13	9/30/13
Operation Stonegarden/NMSP Luna County (MOU)	\$241,000 (revenue)	NMSP Law Enforcement services in direct support of the US Border Patrol & Customs Protection-El Paso	7/1/13	8/30/14
Operation Stonegarden Luna County (MOU)	\$115,976 (revenue)	Border Safety	7/6/11	9/30/12
Mud and Bud Run (MOU)	\$8,000 (revenue)	Law Enforcement at event at Balloon Fiesta Park, 8-17 and 8-18-13	7/19/13	8/19/13
Region III Drug Task Force/HIDTA (MOU)	\$0	Prevention, investigation, control and prosecution of unlawful drugs, narcotics and controlled substances and related crimes through joint effort	8/6/2013	Upon 30 days notice
Rio Arriba County Emergency (MOA)	\$0	Procedure for covering Search & Rescue incidents in Rio Arriba County/Rio Arriba to provide resources and equipment	1/15/14	Upon notice
San Felipe Casino Hollywood (MOU)	\$4,500 (revenue)	Traffic Control at August 30-August 31 Event	8/1/13	9/4/13
San Felipe Casino Hollywood (MOU)	\$3,000 (revenue)	Traffic Control at July 3 fireworks	5/28/13	7/5/13
San Felipe Casino (MOU)	\$3,000 (revenue)	Traffic Control at 7/3/14 Fireworks	6/11/14	7/5/14
Office of Governor/State Personnel/Corrections/DOH/CYFD/Human Services/DOT, TRD, Dept of Workforce Solutions/Public Education/Regulation & Licensing/Aging & Long Term Svcs/Cultural Affairs/State Fair Comm/Vocational Rehabilitation-PED/Commission for the blind/Environment/GSD/Miners' Colfax Medical/Workers' Comp/Dot/DPS-MTPD	\$0	State of NM, Movant V. American Federation of State County and Municipal Employees Council 18, AFL/CIO, CLC & Communications Workers of America, AFL/CIO, CLC, Respondent, D-202-CV-2009-09756 (Consolidated)	10/3/13	Upon notice
US Army Corps of Engineers (MOU)	\$0	Interagency Radio Frequency Use	8/13/12	Not indicated
US Army Garrison (WSMR)/DPS (MOU)	\$0	Define and delineate responsibilities between US Army White Sands and NMSPD	3/18/14	3/17/16
US Dept of Agriculture (MOU)	\$10,000 (revenue)	USDA Inspector Protection	8/2/13	Upon notice
USDA Forest Svc - Gila Natl Forest (MOU)	\$0	Define relationship re search & rescue efforts within and near Gila	6/10/10	12/31/18
USDA Forest Svc/Cibola Natl Forest (MOU)	\$0	Search and Rescue Missions	4/5/12	5/31/15
US Dept of Homeland Security (MOU)	\$0	Agreement to Input DPS frequencies into US Border Patrol El Paso Sector Land Mobile Radio System	6/28/13	6/27/18
US Dept of Justice (MOU)	\$0	MTD (one officer) Participation in Organized Crime Drug Enforcement Task Force (OCDETF) Strike Force/to dismantle major drug and firearms trafficking and money laundering ops	3/2/11	Indefinite

State of New Mexico
Department of Public Safety

**SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING –
CONTINUED
MISCELLANEOUS AGREEMENTS – EXECUTED/IN PLACE – CONTINUED**

Year Ended June 30, 2014

Contractor	FY14 Dollar Amt	Description of Services	Effective Date	End Date
ALTSD Aging & Long Term Svcs Host Agreement	\$0	Procedure for Senior Employment Program	1/13/14	Upon notice
BLM - NM (Federal Contract) L13PX00458	\$5,700 (revenue)	Law Enforcement Pilar/Orilla Verde Recreation/John Dunn Bridge/Wild Rivers Recreation/	5/1/13	4/30/14
DEA/HIDTA Task Force Abq NMSP Agreement	\$17,202/officer	Participation in Drug Enforcement Task Force in Abq	10/1/12	9/30/13
DEA/HIDTA Task Force Abq NMSP Agreement	\$17,202/officer	Participation in Drug Enforcement Task Force in Abq/NMSP	10/1/13	9/30/14
DEA/DPS-NMSP HIDTA Task Force Cruces Agreement	\$17,202/officer	Participate in Task Force operations/Drug Trafficking prevention	10/1/12	9/30/13
DEA/DPS-NMSP HIDTA Task Force Cruces Agreement	\$17,202/officer	Participate in Task Force operations/Drug Trafficking prevention/Cruces NMSP	10/1/13	9/30/14
DEA/DPS-MTPD HIDTA Task Force Cruces Agreement	\$17,202/officer	Participate in Task Force operations/Drug Trafficking prevention/Cruces MTPD	10/1/12	9/30/13
Dept of Transportation/MTD (MOA)	\$0	Define responsibilities of the parties as related to the POE Smart Roadside Info System	6/23/09	Indefinite
Dept of Veterans Affairs (Ltr of Understanding) re DHS/DNDO (Domestic Nuclear Detection Office) (Coop Agrmnt and MOA)	\$0	Law enforcement assistance at VA facilities	12/22/10	Indefinite
	\$0	Federal/Agrmnt and MOA covering supply/trng/use of rad detection equipment to MTD and NMSP	CRADA: 3/15/11; MOA: 4/4/11	MOA: Indefinite CRADA: 1 year from date of DNDO
DHS/DNDO (Dept of Homeland Security/Domestic Nuclear Detection Office)(CRADA Coop R&D Agreement 12-DNDO-001)	\$0	Install/Train ASP Advanced Spectroscopic Portal/Evaluation Program for one year then instrument ownership transfers to MTPD	7/19/12	7/18/13
EDAC Earth Data Analysis Center (IT Inter Govt) 13-790-9205-0017	\$57,000	Assist DPS with Geospatial Information Technology (GIT) services providing data information updates, integration with CAD, mapping services and applications	5/14/13	6/30/17
EDAC (Inter Govt) 13-790-9205-0017 Amend One	\$61,877	Amendment One/Activities to be added re CAD mapping project	5/9/14	6/30/17
Human Services Dept (Govt Svcs Agrmnt)	\$75,000 revenue	Enforcement checks re Tobacco Product Act (SID)	7/1/13	6/30/14
Human Svcs Dept (Govt Svcs Agreement)	\$1,035,011 over five years	Tobacco Enforcement	12/30/11	9/30/14
LexisNexis (Agreement)	\$0	eCrash Electronic Police Record Portal Services	2/3/12	2/2/15
LexisNexis (Agrmnt) Amendment One	\$8.00/report (revenue)	eCrash Electronic Police Record Portal Services	7/2/12	2/2/15
NM Sentencing Commission (UNM) (Inter Govt)	\$29,757	MTPD Staffing Study, Vehicle volume estimate bypassing POE's, Fee Structure Analysis	11/1/13	6/15/14
Natl Park Service/Pecos Natl Historical Park (Mutual Aid)	\$0	Mutual law enforcement assistance in and near the Pecos Natl Historical Park	12/1/08	12/1/13
Navajo Nation (Agreement)	\$0	Cross commissioning of officers	8/30/12	8/29/17
Sandoval County (Inter Govt)	\$0	Authorize county to use State Police Car to Car and LEN Radio Frequency	6/30/11	6/29/15
San Miguel County (Inter Govt)	\$30,000 (revenue)	Participation in DPS Comm Center/CAD	7/12/11	7/11/15
Socorro County (Inter Govt Svcs)	\$30,000 (revenue)	Participation in DPS Comm Center/CAD	2/26/13	2/25/17
State of Washington DOT (Inter Govt)	\$25,000	CVIEW Support Agreement MTPD/Amendment One/Extension of term	7/1/13	6/30/14
TRD/DPS-MTPD (Intra Govt)	\$3,260,000 over 5 yrs	Funding for temp employees and License Plate Readers w/DoIT and DOT involvement	10/20/10	6/30/15
TRD/DPS-MTPD Amend 1 to Oct 2010 agreement (Intra Govt)	\$385,927	Transfer/add funds to Oct 2010 agreement	1/3/12	6/30/15
TRD (Intra Govt) Amendment 2	\$730,000	Amendment 2 to October 2010 agreement; indicating use of funds transferred in Jan 2011	1/18/13	6/30/15
UNM/Inst for Social Research (Inter Govt)	\$70,206	JAG Evaluator	4/4/12	7/3/13
UNM (Inter Govt)	\$48,000	Medical Director	7/1/13	6/30/14
USDA Forest Svc Santa Fe & Carson Natl Forest/Master Agrmnt 12-LE-11030200-001	\$17,000/year (estimated)	Master Agrmnt governing patrols of Santa Fe & Carson Natl Forests	2/7/12	9/30/17
USDA Forest Svc Annual Op Plan 12-LE-11030200-001	\$52,034 (revenue)	Forest Patrols (SF/Carson/Gila/Cibola/Lincoln)	1/3/13	9/30/13
USDA Forest Svc/Southwestern Region (Coop Law Enforcement Op and Financial Plan)	\$50,000 (revenue)	SW Region forest patrols/Carson, Santa Fe, Cibola, Gila and Lincoln Forests	10/1/13	9/30/14

State of New Mexico
Department of Public Safety

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY GRANT

For the Year Ended June 30, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>
Highway Safety Cluster-Cluster			
Department of Transportation Direct Programs			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		\$ 34,039
Not Specified	20.xxx		74,969
			<hr/>
Total Highway Safety Cluster-Cluster			109,008
Other Programs			
Office of National Drug Control Policy Direct Programs			
High Intensity Drug Trafficking Areas Program	95.001		655,791
<i>Total Office of National Drug Control Policy Direct Programs</i>			<hr/> 655,791
Department of Homeland Security Direct Programs			
Homeland Security Grant Program	97.067		744,551
<i>Total Department of Homeland Security Direct Programs</i>			<hr/> 744,551
Department of Energy Direct Programs			
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions			
	81.106		331,887
<i>Total Department of Energy</i>			<hr/> 331,887
Department of the Interior Direct Programs			
Brantley Project	15.515		5,119
<i>Total Department of the Interior</i>			<hr/> 5,119
United States Department of Justice Direct Programs			
Bulletproof Vest Partnership Program	16.607	See Note B	25,623
Forensic DNA Backlog Reduction Program	16.741	See Note B	490,396
Joint Law Enforcement Operations (JLEO)	16.111		10,154
Law Enforcement Assistance - FBI Crime Laboratory Support	16.301		18,031
National Criminal History Improvement Program (NCHIP)	16.554		22,814
Office of National Drug Control Policy	16.XXX		9,138
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	See Note B	70,683
Postconviction DNA Testing Program	16.820	See Note B	8,451
Project Safe Neighborhoods	16.609	See Note B	31,246
Protecting Inmates and Safeguarding Communities Discretionary Grant Program	16.735		94,525
Public Safety Partnership and Community Policing Grants	16.710		145,594
Residential Substance Abuse Treatment for State Prisoners	16.593	See Note B	81,539
Support for Adam Walsh Act Implementation Grant Program	16.750		227
Edward Byrne Memorial Justice Assistance Grant Program	16.738	See Note B	1,723,045
<i>Total United States Department of Justice Direct Programs</i>			<hr/> 2,731,466

State of New Mexico
Department of Public Safety

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS BY GRANT – CONTINUED

For the Year Ended June 30, 2014

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>
Department of Transportation Direct Programs			
Border Enforcement Grants	20.233		604,206
Commercial Vehicle Information Systems and Networks	20.237		985,565
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	See Note B	668,861
National Motor Carrier Safety	20.218		1,076,118
<i>Total Department of Transportation Direct Programs</i>			<u>3,334,750</u>
Department of Health and Human Services Direct Programs			
ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	93.506		191,774
<i>Total Department of Health and Human Services Direct Programs</i>			<u>191,774</u>
United States Department of Agriculture Direct Programs			
Carson National Forest Operation	10.XXX		26,902
<i>Total United States Department of Agriculture</i>			<u>26,902</u>
<i>Total Other Programs</i>			<u>8,022,240</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 8,131,248</u></u>

State of New Mexico
Department of Public Safety

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

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 B to the Department’s financial statements. Federal expenditures include adjustments resulting from subsequent changes in expenditures charged to a particular federal program. The Department did not receive non-cash federal assistance.

NOTE B – SUB RECIPIENTS BY FEDERAL GRANTOR

The Department had sub recipients, by federal grantor, in the following amounts:

CFDA Federal Program Title	Grantor	CFDA#	YTD EXP
Residential Substance Abuse Treatment for State Prisoners	US Department of Justice	16.593	\$ 70,240
Bulletproof Vest Partnership Program	US Department of Justice	16.607	10,700
Project Safe Neighborhoods	US Department of Justice	16.609	3,530
Edward Byrne Memorial Justice Assistance Grant Program	US Department of Justice	16.738	754,531
PREA Program	US Department of Justice	16.738	94,525
DNA Backlog Reduction Program	US Department of Justice	16.741	208,251
Paul Coverdell Forensic Science Improvement Grant Program	US Department of Justice	16.742	37,843
Post Conviction Testing of DNA Evidence to Exonerate the Innocent	US Department of Justice	16.820	64,039
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	NM Dept. of Transportation Via US DOT	20.608	15,530
			<u>\$ 1,259,189</u>



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**INDEPENDENT AUDITOR'S 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. Gregory J. Fouratt, 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, 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 (the Department), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements. We have also audited the financial statements of each of the Department's non-major governmental funds, respective budgetary comparisons, non-major capital projects and special revenue funds budgetary comparisons and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014 and have issued our report thereon dated December 8, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify deficiencies in internal control that we consider to be material weaknesses and are identified as items 2014-001 and 2014-002 in the accompanying schedule of findings and questioned costs. However, material weaknesses may exist that have not been identified.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

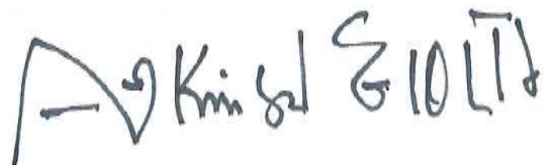
As part of obtaining reasonable assurance about whether the Department's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2014-002.

Department's Response to Findings

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

Purpose of this Report

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

A handwritten signature in blue ink, appearing to read "Atkinson & Co., Ltd.", with a stylized flourish to the left.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
December 8, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Mr. Gregory J. Fouratt, Secretary
State of New Mexico
Department of Public Safety
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the State of New Mexico Department of Public Safety's (the Department) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2014. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audits of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-002. Our opinion on each major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

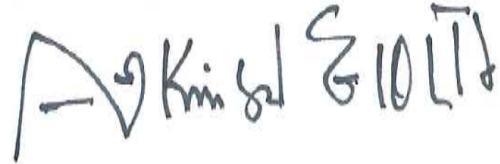
Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-002 to be a material weakness.

The Department's response to the compliance and internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Department's response was not subjected to the auditing procedures applied in the audit of compliance and internal control over compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Atkinson & Co., Ltd.", with a stylized logo to the left consisting of a large 'A' and a checkmark-like shape.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
December 8, 2014

SUMMARY OF AUDIT FINDINGS

Year ended June 30, 2014

Prior Year Findings Description

Findings – Financial Statement Audit

None

Federal Award Findings and Questioned Costs

None

Current Year Findings Description

Findings – Financial Statement Audit

2014-001 Lack of Reconciliation of Capital Assets (Material Weakness)

Findings in Accordance with 2.2.2 NMAC (State Audit Rule)

None

Federal Award Findings and Questioned Costs

2014-002 Real Property and Equipment Management (Material Weakness and Compliance)

State of New Mexico
Department of Public Safety

SUMMARY OF AUDIT RESULTS

Year ended June 30, 2014

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(s) identified? Yes X 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? Yes X None Reported

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

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>
20.237	Commercial Vehicle Information Systems and Network
20.608	Traffic Safety Program
97.067	Homeland Security Program

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

Auditee qualified as low-risk auditee? X Yes No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2014

FINANCIAL STATEMENT FINDING

2014-001 Lack of Reconciliation of Capital Assets (Material Weakness)

Condition

The Department did not maintain capital assets inventory listing in FY 2014. It was also discovered during audit testwork, the Department failed to capitalize \$996,883 of software additions in the current year.

Criteria

Per U.S. GAAP, capital assets should be recorded in the year the asset is acquired and depreciation expense should be recorded from the acquisition date until the asset is fully depreciated or disposed of. Assets should be depreciated using a systematic, rational, and consistent basis.

The Audit Act (Section 12-6-10(A) NMSA 1978) requires each agency to conduct an annual physical inventory of capital assets list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors. Agencies are also required to capitalize only capital assets that cost over \$5,000.

Effect

The Department is noncompliant with US GAAP and the Audit Act. The Department's capital assets were materially misstated.

Cause

There was a lack of proper training, supervision, and delegation of responsibilities to a successor employee upon the resignation of the staff member formerly assigned. As a result the capital asset listing was not properly maintained.

Recommendation

The Department should follow its existing written accounting policies to ensure that all required accounting for capital assets is followed.

Management's Response and Corrective Action Plan

Management agrees with the finding and recommendation. While considerable work was performed since July 2014 to improve procedures and the accuracy of the capital assets, there was a need for a dedicated staff member(s) to be fully trained. In addition to the Auditor's recommendations, the current fixed asset procedure will be revised to include assignments to specific staff to improve oversight and tracking of capital assets. Additional training will be provided to program managers to ensure they understand capital asset procedures and the need for accuracy in verifying capital asset records.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2014

FEDERAL AWARD FINDING

2014-002 Real Property and Equipment Management (Material Weakness) (Compliance)

**Funding Agency: Department of Transportation
Commercial Vehicle Information Systems and Networks (CVISN)
CFDA Number: 20.237
Period: 7/1/2013 – 6/30/2014**

Condition

During audit testwork performed on the program we noted three invoices totaling \$996,883 for the purchase of software were not separately tracked for program requirements. Additionally, the capital asset listing was not maintained.

Criteria

As stated in the OMB A-133 compliance supplement, equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. The grant agreement also requires the program to maintain satisfactory records pertaining to the purchase of capital assets as requested by the Federal Motor Carrier Safety Administration.

Effect

The Department is noncompliant with OMB A-133 compliance supplement and the grant agreement for this transaction.

Cause

While the grant management staff does maintain capital asset listing for federal programs, the focus has been on the acquisition on capital assets through line items typically associated with equipment purchases. The assets in this finding were acquired through contractual services. Staff were not trained to monitor grant compliance requirements for software acquisition through contractual services.

Questioned Cost: None

Recommendation

The Department should ensure that all grant program managers are fully trained in grant compliance requirements for capital asset acquisition as well as GASB 51 specific requirements for software acquisition and upgrades.

Management's Response and Corrective Action Plan

Management agrees with the finding and recommendation. GASB 51 provides guidance on computer software as an intangible asset. Since the service provided by the contractor included software upgrades, the distinction of this intangible asset was not identified through our current process. Training will be provided to the Grants Management Bureau as well as other key personnel to include GASB 51, as well as the internal control and compliance procedure for capital assets.

State of New Mexico
Department of Public Safety

EXIT CONFERENCE

Year ended June 30, 2014

The financial statements were prepared by the independent certified public accounting firm performing the audit with the assistance of the Department's management. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are correct and in balance. Management has reviewed and approved the financial statements.

* * * * *

An exit conference was held with the Department on December 4, 2014, at the Department's offices in Santa Fe, New Mexico. In attendance were:

Representing the Department of Public Safety:

Gregory Fouratt	Cabinet Secretary
David Martinez	Deputy Chief, NMSP
Scott Weaver	Acting Deputy Secretary, Statewide Law Enforcement Support Program
Dianna DeJarnette	Acting ASD Director
Michael Gutierrez	Finance Director, CFO
Ron Burton	Chief Information Officer/TSD Director
Vicki Bowser	Human Resources Director
Heather Toya	Acting Budget Director
Louise Riebe	Senior Financial Analyst
Jacob Weathers	Grants Management Analyst Supervisor

Representing Atkinson & Co., Ltd.:

Marty Mathisen, CPA, CGFM	Audit Director
Clarke Cagle, CPA, CCIFP, CGFM	Audit Director
Heather Prudhomme, CPA, CGFM	Audit Manager

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