

The logo for atkinson, featuring the word in a lowercase serif font with a small green dot above the letter 'i'.

Precise.

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

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

June 30, 2015

atkinson

CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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State of New Mexico
Department of Public Safety

OFFICIAL ROSTER

June 30, 2015

<u>Name</u>	<u>Title</u>
Gregory J. Fouratt	Cabinet Secretary (resigned as of 2/28/2016)
Pete N. Kassetas	Deputy Secretary-Law Enforcement Program / NMSP Chief
Scott Weaver	Deputy Secretary-Statewide Law Enforcement Services and Support / Cabinet Secretary as of March 1, 2016
 <u>Division Directors</u>	
Vacant	Administrative Services Division
Dianna DeJarnette	Acting ASD Director
Pete N. Kassetas	New Mexico State Police Division
Jack F. Jones	Training and Recruiting Division (retired as of 12/31/2015)
Captain Suzanne Skasik	Special Investigations Division
Ronald Burton	Technical Support Division (retired as of 2/28/2016) Information Technology Division (retired as of 2/28/2016)
Deputy Chief Jimmy Glascock	Motor Transportation Division
 <u>Chief Finance Officer</u>	
Michael Gutierrez	Chief Finance Officer/Finance Director (resigned as 9/11/2015)
Bridgette Long	Chief Finance Officer/Finance Director (as of 12/21/2015)

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Mr. Scott Weaver, Cabinet Secretary
State of New Mexico
Department of Public Safety
and
Mr. Timothy Keller
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, 2015, 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, and the budgetary comparisons of the non-major funds, presented as supplementary information, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2015, and the respective changes in financial position and budgetary comparisons for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Department as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the non-major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

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, each major fund, the budgetary comparison statements 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, 2015, and the changes in its financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion was not modified with respect to this matter.

Net Pension Liability Disclosure

As discussed in Note K, the State of New Mexico, as a single employer, has implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*, in the June 30, 2015, Comprehensive Annual Financial Report (CAFR). Accordingly, there is no allocation of the proportionate share of the net pension liability to individual agencies or to the Department's governmental funds. All other required disclosures and supplementary information required by GASB 68 are included in the State of New Mexico CAFR for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 18 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 Supplementary Information

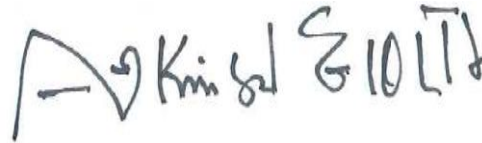
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements, the combining and individual non-major fund financial statements, and respective budgetary comparisons. The accompanying schedule of changes in fiduciary assets and liabilities – agency funds, schedule of cash, and schedule of special appropriations listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 special appropriations, schedule of changes in fiduciary assets and liabilities - agency funds and schedule of cash and 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 special appropriations, schedule of changes in fiduciary assets and liabilities - agency funds, schedule of expenditures of federal awards and the schedule of cash are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The schedule of vendor information, required by 2.2.2 NMAC, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2016, 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 initial "A" on the left.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
April 19, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2015

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, 2015. 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

The Department's 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 types 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 assets. All revenues and expenses are accounted for in the **Statement of Activities** regardless of when cash is received or disbursed.
- **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** 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.

State of New Mexico
Department of Public Safety

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

- **Statement of Fiduciary Assets and Liabilities** 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.

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

	Current Year June 30, 2015	Prior Year June 30, 2014	Increase or (Decrease)	Percent Change
Assets				
Current assets	\$ 18,143,997	\$ 14,285,318	\$ 3,858,679	27.0 %
Capital assets	17,813,521	16,449,459	1,364,062	8.3 %
Total assets	<u>35,957,518</u>	<u>30,734,777</u>	<u>5,222,741</u>	17.0 %
Liabilities				
Current liabilities	12,379,840	9,778,167	2,601,673	26.6 %
Long-term liabilities	2,209,772	2,087,358	122,414	5.9 %
Total liabilities	<u>14,589,612</u>	<u>11,865,525</u>	<u>2,724,087</u>	23.0 %
Net position				
Net investment in capital assets	17,813,521	16,449,459	1,364,062	8.3 %
Restricted	3,559,716	2,419,793	1,139,923	47.1 %
Unrestricted	-	-	-	- %
Total net position	<u>\$ 21,373,237</u>	<u>\$ 18,869,252</u>	<u>\$ 2,503,985</u>	13.3 %
Program revenues and expenses				
Program revenues	\$ 16,276,064	\$ 15,611,983	\$ 664,081	4.3 %
Program expenses	126,981,934	121,264,535	5,717,399	4.7 %
Net revenues (expenses)	(110,705,870)	(105,652,552)	(5,053,318)	4.8 %
General revenues (expenses)				
General Fund appropriations	105,986,200	96,513,200	9,473,000	9.8 %
Road Fund appropriations	-	5,844,300	(5,844,300)	(100.0) %
Weight Distance Tax Permit Fund appropriations	1,265,900	1,265,900	-	0.0 %
Transfers - in from other state agencies	5,705,233	1,532,200	4,173,033	272.4 %
Total general revenues (expenses)	112,957,333	105,155,600	7,801,733	7.4 %
Gain or (loss) on disposal of capital assets	656,439	488,701	167,738	34.3 %
Reversions to State General Fund and other agencies	(170,311)	(346,392)	176,081	(50.8) %
Change in net position	2,737,591	(354,643)	3,092,234	(871.9) %
Beginning net position	18,869,252	19,223,895	(354,643)	(1.8) %
Restatement	(233,606)	-	(233,606)	
Beginning Net Position as restated	<u>18,635,646</u>	<u>19,223,895</u>	<u>(588,249)</u>	
Ending net position	<u>\$ 21,373,237</u>	<u>\$ 18,869,252</u>	<u>\$ 2,503,985</u>	13.3 %

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

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:

Significant factors impacting the Department's financial position and results of operations during the year ended June 30, 2015 are detailed below.

Total Assets increased by 17.0% due to the following:

- DPS has a due to from the General Fund for the FY2015 compensation package;
- The Department purchased additional law enforcement vehicles via an increase in base General Funding.

Total Liabilities increased by 23.0% primarily due to year end purchases of law enforcement vehicles.

Total Net Position increased by 13.3% due to special appropriations of funds received in FY2015 for law enforcement vehicles and information technology systems.

- The Department had no **Unrestricted Net Assets** at June 30, 2015.
- Restricted Net Assets** increased by 47.1% due to the special appropriations identified above.

Net Program Activity decreased by 4.8% due to an increase in the General Fund appropriation for program expenses.

- Program Revenues** increased by 4.3% primarily due to increases in grant funding.
- Program Expenses** increased by 4.7% primarily due to an increase in the Department's general fund base appropriation and the receipt of a compensation package for officers. See **General Fund Appropriations** and **Other Sources** discussions.
- General Fund Appropriations** increased by 9.8% primarily due to the increase in General Fund to replace the \$5.8 million Road Fund appropriation that was no longer being received in FY2015 and an increase in base law enforcement officer funding.
- Road Fund Appropriations** were eliminated as a source of base funding; the General Fund appropriation was increased as a replacement.
- Other Sources** increased by 272.4% primarily due to civilian and officer compensation packages received in FY2015. In addition, there were two non-operating budget payouts of \$250,000 each from the Peace Officers Survivors Fund during FY2015.

State of New Mexico
Department of Public Safety

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

The Department recognized a \$711,311 **Gain on Disposal of Capital Assets** for an increase of 34.3% increase over last year, primarily due to the sale of the State Police helicopter.

- The Department’s **Reversions** decreased to \$170,311 due to a more efficient utilization of appropriations;
- A **Restatement** was recognized in FY2015 for the overpayment of General Fund reversions in a prior year;
- Ending Net Position** increased by 13.3% primarily due to special appropriations that had not been spent by the end of FY2015. The Department had a restatement due to an over-reversion of General Fund in a prior year and an adjustment to accounts receivable.

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:

The increase in the **General Fund** balance is due to special appropriations whose revenues were received but not expended this fiscal year. The decrease in the **Special Revenues** fund balance is due to decreases in the Department’s non-reverting funds (US Department of Justice Federal Forfeitures, US Treasury Federal Forfeitures, State Chemist Fees and Concealed Handgun Carry Fees).

	Fund Balance			
	Current Year June 30, 2015	Prior Year June 30, 2014	Increase or (Decrease)	Percent Change
General Fund	2,853,805	576,208	2,277,597	395.3 %
Special revenues	4,320,762	6,071,466	(1,750,704)	(28.8) %
Capital projects	-	100,899	(100,899)	(100.0) %
Total	\$ 7,174,567	\$ 6,748,573	\$ 425,994	6.3 %

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

GENERAL BUDGETARY HIGHLIGHTS

The General Appropriation Act, Laws of 2014, Second Session, Chapter 63, Section 4 included an FY2015 base general fund appropriation of \$104,631,200. The appropriation was \$8,118,000 more than the FY2014 revised appropriation of \$96,513,200 for an 8.4% increase of addition-to-base funding primarily for these major items:

- \$5,844,300 general fund replaced \$5,844,300 in funding obtained from the NM Road Fund in FY2014;
- \$300,000 for information technologies systems maintenance;
- \$1,585,100 for law enforcement vehicle replacements; and
- Base funding decreases via across the board budget "sanding."

The Department received two Section 8 Compensation Appropriations totaling \$4,401,600 which are included in **Other Sources**:

- \$1,409,900 for an employee compensation package;
- \$2,991,700 for an officer compensation package.

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.

The Department received funding for two additional appropriations totaling \$650,000 during FY2015:

Section 5 – Special

- \$1,355,000 General Fund to replace law enforcement vehicles that ends on June 30, 2016.

Section 7 – Data Processing

- \$710,000 Other Sources to initiate replacement to purchase automated fingerprint system upgrades.

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

CAPITAL ASSETS

The Department's capital assets, net of depreciation, are \$17,813,521. **Capital Assets and Investment in Capital Assets** increased by \$1,364,062 or 8.3% as additions in automobile, computer systems, specialized equipment 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, 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

COMPENSATED ABSENCES

Total compensated absences as of June 30, 2015, are \$4,509,739. Compensated absences increased by \$180,959 from FY2014 to FY2015 as the Department received two compensation packages which increased employee hourly rates and the Department's corresponding compensated absence liability.

DEBT ADMINISTRATION

The Department does not have any long-term debt.

DEPARTMENT ACCOMPLISHMENTS

The NM DPS exists to promote a safe and secure environment for the State of New Mexico through intelligence-led policing practices, vital scientific and technical support, current and relevant training, and innovative leadership for our greater law enforcement community. The major program components of the Department include:

- The New Mexico State Police;
- The Special Investigations Division;
- The Motor Transportation Division (Commercial Vehicle) Police and Ports of Entry;
- The Forensic Laboratories;
- The Law Enforcement Academy;
- The Law Enforcement Records Program;
- The Information Technology Division.

The Department's New Mexico State Police (NMSP) provides direct law enforcement services and cooperative support to statewide law enforcement. The NMSP not only focuses on highway traffic safety, it also assists and collaborates with all law enforcement agencies in the state and at the federal level to reduce crime problems with an overall goal to build a safer, stronger New Mexico. The NMSP also provides local law enforcement protection and response in rural areas that do not have local law enforcement services. The NMSP provides highly specialized teams to support all law enforcement agencies in the areas of:

- Crime scene investigation;
- Criminal and narcotic investigations;
- Bomb team, search and rescue, and accident reconstruction;
- Tactical team and crisis negotiation response;
- Public corruption investigations;
- Alcohol enforcement, and special investigations, including cold cases;
- Dispatch communications, including primary 911 services in some areas;
- Officer-involved shooting investigations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

NMSP actively collaborates with tribal partners in New Mexico to enhance public safety everywhere in New Mexico.

In FY2015, NMSP Uniform Services:

- Responded to 191,731 calls for service including Drunk Buster calls;
- Issued 227,247 traffic citations;
- Arrested 12,815 individuals; and,
- Responded to 5,075 crashes, including 162 fatal crashes.

The Special Operations Bureau is comprised of specialized law enforcement teams and the Department's fleet management team. These highly-skilled teams responded to 541 calls-for-service and include:

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

The NMSP 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 FY2015 accomplishments include:

- The clearance rate for homicide investigations was 100%, well above the national average of 64%;
- Performed 940 drug-related investigations;
- Conducted narcotics investigations in 32 of 33 counties in NM, including undercover purchases, controlled buys, highway interdictions, and dismantling of methamphetamine laboratories;
- Drug seizures included 114 kilograms of methamphetamine, 57 pounds of heroin, 61 kilograms of cocaine, and 1,507 pounds of marijuana;
- The Crime Scene Team conducted 141 crime scene missions for both NMSP and local and federal law enforcement agencies;
- Investigated six (6) officer-involved shootings (OIS) for NMSP and 29 OIS for other agencies.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

The **Special Investigations Division** (SID) 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 FY2015 accomplishments include:

- 3,822 licensed alcohol premise inspections;
- 453 minor alcohol compliance operations;
- 206 violations for sales to intoxicated persons;
- 7,515 educational interactions with liquor licensees.

The **Motor Transportation Division** (MTD) improved commercial motor vehicle (CMV) and public safety in New Mexico by conducting inspections of CMV's and drivers. Traffic enforcement focused on both CMVs and passenger vehicles is used to reduce unsafe driving behaviors of commercial vehicle drivers and passenger vehicles around commercial vehicles. Unsafe driving around the large trucks is a major contributor to accidents. MTP officers and transportation inspectors also enforce commercial vehicle size and weight laws to enhance safety and reduce wear-and-tear of highway infrastructure.

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. These funds are used to maintain the state's highways.

Some of the major accomplishments for the Motor Transportation program in FY2015 include:

- Implementation of a new automated permitting system for CMVs which has increased industry compliance and revenue in the purchasing of Oversize / Overweight and Trip Permitting. The new system allows customers to self-issue permits online;
- Opened the new Santa Teresa Port of Entry for commercial vehicle traffic entering New Mexico at the border with Mexico;
- Saturation Patrols** – During recent years, CMV-related crashes increased with the surge in oil production in the southeastern and northwestern areas of the state - the NMSP Uniform Services Bureau and MTD increased patrols in those areas resulting in a reduction in crash rates within those areas of the state;
- Statewide Patrol Enhancement** – the officers of the Motor Transportation program have combined schedules with NMSP highway patrol to increase the use of marked patrol units on our roadways and the availability of officers ready to respond to emergency calls for service;
- Two thermal reader systems designed to detect defective brakes and tires on CMVs were installed, a pro-active measure improving the safety of everyone on the state's highways.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

LAW ENFORCEMENT ACADEMY

The New Mexico Law Enforcement Academy (NMLEA) provides basic training to law enforcement officers and dispatchers at no cost to local law enforcement agencies. In addition, the Academy:

- Establishes rules, policies, qualifications, and standards for the employment, certification, and training of law enforcement officers and public safety dispatchers in the State;
- Researches, develops and provides basic and advanced training courses of instruction;
- Certifies and oversees 8 satellite law enforcement academies throughout the State;
- Adjudicates misconduct and complaint cases that can result in the denial, suspension or revocation of police officer and dispatcher certifications.

During FY2015 the NMLEA:

- Provided basic officer training and certification to 427 officers from law enforcement agencies throughout the State;
- Trained and certified 128 dispatchers;
- Issued 102 advanced officer training certifications and 1227 course accreditations to local, state and federal entities to teach in the State;
- Received 99 misconduct cases and adjudicated 94; and
- Received capital funding to purchase the DPS firearms training range located in Santa Fe County.

INFORMATION TECHNOLOGY DIVISION

The DPS Information Technology Division (ITD) provides information on criminal history, private and commercial driver's licenses, crime reporting etc. to the State's law enforcement agencies and criminal justice entities in New Mexico. As an example, when a driver is pulled over for speeding on the highway, the officer retrieves information on the driver and the vehicle to determine if the driver has a valid license, if the car has been reported stolen, etc.

In addition, the ITD provides 24/7 helpdesk support to all officers and criminal justice agencies experiencing difficulty accessing these records. ITD provides access and services free-of-charge to authorized users for the systems.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

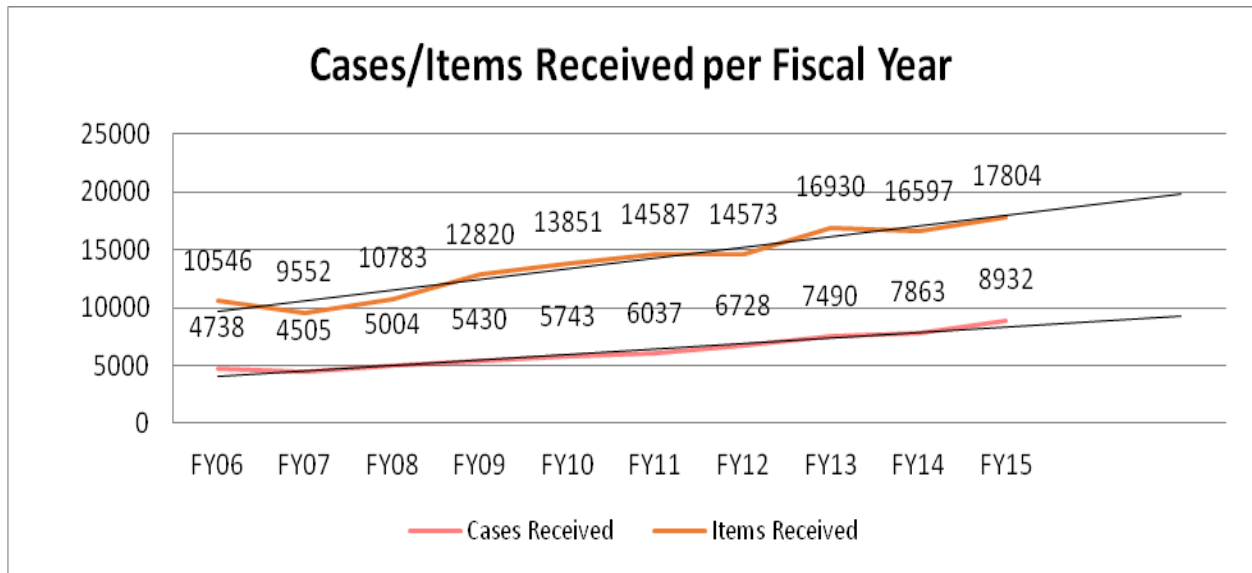
June 30, 2015

FORENSIC LABORATORY BUREAU

The Forensic Laboratory Bureau (FLB) provides forensic support to all criminal justice agencies throughout New Mexico. This support includes 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. Forensic case services are provided in the following disciplines:

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

The Forensic Laboratory continues to experience a significant rise in cases received per year.



MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

LAW ENFORCEMENT RECORDS BUREAU

The Law Enforcement Records Bureau (LERB) serves as the State’s repository for all the fingerprint and criminal history records in the state, including felony, misdemeanor and driving while intoxicated (DWI) infractions. The repository is responsible for the fingerprint based applicant process for all statutorily mandated agencies that license and regulate employees and individuals. LERB is responsible for:

- Offender Watch – provides sex offender registration notification (current number of registered offenders: 3,302);
- The Missing Persons Clearinghouse, issuing Endangered Person Advisories and providing services such as flyers to families and involved agencies. In 2015 NM had:
 - 252 Endangered Advisories issued;
 - 14 Silver Alerts issued.

New Mexico LERB was recognized by the FBI for the significant reduction of fingerprint rejection rates. NM is below the national average for fingerprint rejection rates, having improved New Mexico’s civil fingerprint image quality FBI rejection rate from 22% to 2.1%.

The Concealed Handgun Carry Unit, a section of the LERB, processes concealed handgun license applications and renewals and oversees the training program and background checks required for concealed carry applicants in the State. In FY2015 the unit reduced turnaround time from 22 days in FY2014 to an average of 11 days for issuing concealed carry permits.

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 for the year ended June 30, 2015, 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.	150	269
Output	Number of data-driven crime and traffic initiatives conducted.	500	1,499
Output	Number of driving-while-intoxicated checkpoints and saturation patrols conducted.	1,175	1,051

State of New Mexico
Department of Public Safety

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

<u>TYPE</u>	<u>MEASURE</u>	<u>TARGET</u>	<u>RESULT</u>
Motor Transportation Program:			
Output	Number of commercial motor vehicle citations issued.	30,000	25,366
Output	Number of commercial motor vehicle safety inspections.	90,000	63,769

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 \$150,768,000 for the FY2016 operating budget in the Laws of 2015, 52nd Legislature, First Session, Chapter 101. The major funding changes included:

General Fund operating budget including the following:	\$115,688,300
Officer compensation package	3,300,000
Funding to fill vacancies	771,500
Fuel budget reductions	-725,000
Funding for officer recruit school	1,436,800
Funding for an additional Law Enforcement Academy Basic Cadet class	135,000

In addition, the Legislature approved the non-reversion of General Fund in the Law Enforcement Program for FY2016 to provide funding for additional State Police recruit schools and officer hires. Note that the FY2016 General Fund Budget was reduced by \$694,000 in March 2016 as a part of the Executive’s overall budget balancing plan to meet revenue shortfalls expected due to significantly falling oil prices over the fiscal year.

An appropriation of \$1,355,000 General Fund for officer vehicle replacement was also received. Law enforcement vehicles are not as safe to drive at high speeds after 100,000 – 115,000 miles. Funds were received in FY2015 and are included in the Department’s General Fund committed fund balance at June 30, 2015, for expenditure in FY2016.

Also in FY2016:

- \$160,000 Other State Funds for hardware or software to support the automated fingerprint identification system. The Department did not budget this appropriation, in whole or in part, for expenditure as of June 30, 2015.
- \$550,000 Other State Funds were repurposed to complete the implementation of the new Computer Aided Dispatch and Records Management systems. The Department budgeted \$100,000 of this appropriation for expenditure as of June 30, 2015.

State of New Mexico
Department of Public Safety

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED

June 30, 2015

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, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 300,425
Investment in State Treasurer General Fund Investment Pool	9,130,272
Federal grants receivable	4,911,048
Trade receivables	
Less allowance for doubtful accounts of \$170,626	108,424
Due from the state general fund	3,044,860
Due from other state agencies	608,276
Due from local governments	
Less allowance for doubtful accounts of \$398,698	24,756
Supplies inventory	1,096
Prepaid postage	20,175
	18,149,332
Total current assets	
Capital assets, not being depreciated	14,394
Capital assets being depreciated, net of accumulated depreciation	17,799,127
	35,962,853
Total assets	\$ 35,962,853
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	\$ 7,766,744
Accrued salaries and benefits payable	1,845,605
Unearned grant revenue	18,050
Due to other federal agencies	164,255
Due to other state agencies	56,019
Due to State General Fund	229,204
Compensated absences	2,299,967
	12,379,844
Total current liabilities	
Long-term Liabilities	
Compensated absences due after one year	2,209,772
	2,209,772
Total long-term liabilities	
Total liabilities	14,589,616
Net Position	
Net investment in capital assets	17,813,521
Restricted	3,559,716
Unrestricted	-
	21,373,237
Total net position	
Total liabilities and net position	\$ 35,962,853

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, 2015

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	Governmental Activities
Governmental Activities				
Program support	\$ (6,461,841)	\$ 24,744	\$ 1,698,336	\$ (4,738,761)
Law enforcement	(85,697,737)	1,744,103	3,303,183	(80,650,451)
Motor transportation program	(21,931,883)	1,237,258	4,543,412	(16,151,213)
Statewide law enforcement support	(12,890,473)	2,796,476	928,552	(9,165,445)
Total governmental activities	\$ (126,981,934)	\$ 5,802,581	\$ 10,473,483	(110,705,870)
General revenues and (expenses)				
State general fund appropriations				105,986,200
Weight distance tax permit fund appropriations				1,265,900
Transfers - in from other state agencies				5,705,233
Transfers - reversions to State General Fund - FY 2014				(170,185)
Transfers - reversions to TRD Weight Distance Fund - FY 2014				(126)
Gain on sale of capital assets				711,311
Other				(54,872)
Total general revenues				113,443,461
Change in net position				2,737,591
Net position, beginning				18,869,252
Restatement				(233,606)
Net position, beginning as restated				18,635,646
Net position, ending				\$ 21,373,237

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, 2015

	General Fund (12800)	Federal Forfeitures-SPD		Concealed Handgun Carry (59400)	Other Governmental Funds	Total Governmental Funds
		US DOJ (34300)	US Treasury (71990)			
ASSETS						
Interest in State Treasurer General Fund Investment Pool	\$ 3,657,106	\$ 2,340,857	\$ 1,167,834	\$ 902,478	\$ 1,061,997	\$ 9,130,272
Cash in banks	169,283	-	-	-	21,043	190,326
Cash on hand	10,099	100,000	-	-	-	110,099
Federal grants receivable	4,911,048	-	-	-	-	4,911,048
Trade receivables, less allowance for doubtful accounts of \$170,626	108,424	-	-	-	-	108,424
Due from the State General Fund	3,044,860	-	-	-	-	3,044,860
Due from other funds	2,359,551	-	87	1,004,189	160,427	3,524,254
Due from other state agencies	607,955	211	-	-	110	608,276
Due from local governments, less allowance for doubtful accounts of \$379,548	-	-	-	-	24,756	24,756
Supplies inventory	1,107	-	-	-	-	1,107
Prepaid postage	20,175	-	-	-	-	20,175
Total assets	\$ 14,889,608	\$ 2,441,068	\$ 1,167,921	\$ 1,906,667	\$ 1,268,333	\$ 21,673,597
LIABILITIES						
Accounts payable	\$ 7,766,103	\$ -	\$ -	\$ 641	\$ -	\$ 7,766,744
Accrued salaries and benefits payable	1,845,605	-	-	-	-	1,845,605
Unearned grant revenue	18,050	-	-	-	-	18,050
Due to other federal agencies	164,255	-	-	-	-	164,255
Due to other funds	1,165,092	1,172,803	1,036,987	-	149,372	3,524,254
Due to other state agencies	53,644	-	-	-	2,375	56,019
Due to the State General Fund	128,156	-	-	-	101,048	229,204
Total liabilities	11,140,905	1,172,803	1,036,987	641	252,795	13,604,131
DEFERRED INFLOWS OF RESOURCES						
Amounts unavailable (not received within period of availability)	894,897	-	-	-	-	894,897
Total deferred inflows of resources	894,897	-	-	-	-	894,897
FUND BALANCES						
Non-Spendable						
Petty cash and change funds	10,099	-	-	-	-	10,099
Inventories	1,096	-	-	-	-	1,096
Postage	20,175	-	-	-	-	20,175
Cash in authorized bank and certificate of deposit	169,283	-	-	-	-	169,283
Flashroll	-	100,000	-	-	-	100,000
Spendable						
Restricted	2,653,152	1,168,265	130,934	1,906,026	1,015,539	6,873,916
Total fund balances	2,853,805	1,268,265	130,934	1,906,026	1,015,539	7,174,569
Total liabilities and fund balance	\$ 14,889,607	\$ 2,441,068	\$ 1,167,921	\$ 1,906,667	\$ 1,268,334	\$ 21,673,597

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, 2015

Total fund balance for the governmental funds (Balance Sheet)	\$ 7,174,569
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.	17,813,521
Recording of deferred inflows of resources in the Balance Sheet and revenue in the Statement of Activities	894,897
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(4,509,739)
Other	<u>(11)</u>
Net position of governmental activities (Statement of Net Position)	<u>\$ 21,373,237</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, 2015

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 (71990)			
Revenues						
Federal grants	\$ 9,227,373	\$ -	\$ -	\$ -	\$ -	\$ 9,227,373
State grants	555,331	-	-	-	-	555,331
Forfeitures	-	442,276	85,537	-	21,953	549,766
Other program fees	4,230,172	2,302	980	443,479	327,959	5,004,892
Proceeds from sale of property	755,124	-	-	-	-	755,124
Total revenues	14,768,000	444,578	86,517	443,479	349,912	16,092,486
Expenditures						
Public safety						
Current						
Personal services and employee benefits	89,907,172	-	-	-	-	89,907,172
Contractual services	3,755,044	-	-	-	-	3,755,044
Other costs	26,674,085	-	-	-	500,000	27,174,085
Capital outlay	7,383,609	-	-	-	-	7,383,609
Total expenditures	127,719,910	-	-	-	500,000	128,219,910
Excess (deficiency) of revenues over expenditures	(112,951,910)	444,578	86,517	443,479	(150,088)	(112,127,424)
Other Financing Sources (Uses)						
State General Fund appropriations	105,986,200	-	-	-	-	105,986,200
Weight Distance Tax Permit Fund appropriations	1,265,900	-	-	-	-	1,265,900
Transfers - reversions to State General Fund - FY 2015	(69,263)	-	-	-	(101,048)	(170,311)
Interagency transfer in	5,205,800	-	-	-	499,433	5,705,233
Interfund transfer in	3,074,476	-	-	-	-	3,074,476
Interfund transfer out	-	(1,394,622)	(1,091,466)	(298,413)	(289,973)	(3,074,474)
Total other financing sources (uses)	115,463,113	(1,394,622)	(1,091,466)	(298,413)	108,412	112,787,024
Change in fund balances	2,511,203	(950,044)	(1,004,949)	145,066	(41,676)	659,600
Fund balances, beginning	576,208	2,218,308	1,135,882	1,760,960	1,057,215	6,748,573
Restatement	(233,606)	-	-	-	-	(233,606)
Fund balances, beginning as restated	342,602	2,218,308	1,135,882	1,760,960	1,057,215	6,514,967
Fund balances, ending	\$ 2,853,805	\$ 1,268,264	\$ 130,933	\$ 1,906,026	\$ 1,015,539	\$ 7,174,567

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, 2015

Net change in Fund Balance - Total Governmental Funds (Statement of Revenues, Expenditures and Changes in Fund Balance)	\$ 659,600
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in deferred inflows of resources adjustments from prior to current year (reported as a deferred inflow of resource in the Balance Sheet - Governmental Funds and reported as revenue in the Statement of Activities).	894,897
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	\$ 7,383,609
Depreciation expense	<u>(5,964,676)</u>
	1,418,933
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.	(54,872)
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	(180,959)
Other	<u>(8)</u>
Change in net position of governmental activities (Statement of Activities)	<u>\$ 2,737,591</u>

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 12800 -
ALL APPROPRIATIONS**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 104,631,200	\$ 105,986,200	\$ 105,986,200	\$ -
Other appropriations	2,600,900	2,600,900	2,600,900	-
Federal funds	14,293,200	18,432,908	9,050,773	(9,382,135)
Other state funds	5,760,200	8,018,615	5,717,215	(2,301,400)
Other financing sources	11,460,800	13,899,581	8,280,286	(5,619,295)
Total revenues	138,746,300	148,938,204	131,635,374	(17,302,830)
 Prior year fund balance budgeted	 3,208,770	 3,408,770	 -	 -
Total budgeted revenues	141,955,070	152,346,974	-	-
 Expenditures				
Personal services and benefits	94,820,700	95,619,752	89,907,173	5,712,579
Contract services	6,334,400	9,373,582	3,755,043	5,618,539
Other	36,656,200	43,009,870	34,057,692	8,952,178
Other financing uses	-	-	-	-
Total budgeted expenditures	137,811,300	148,003,204	127,719,908	20,283,296
 Excess (deficiency) of revenue over expenditures	 \$ 4,143,770	 \$ 4,343,770	 2,580,466	 -
 GAAP basis reconciliation				
Reversion to State General Fund			(69,263)	
 Net change in fund balance			 \$ 2,511,203	

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 34300 U.S. DEPT OF JUSTICE**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal funds	\$ 1,500,000	\$ 1,500,000	\$ 442,276	\$ (1,057,724)
Other state funds	-	-	2,302	2,302
Total budgeted revenues	1,500,000	1,500,000	444,578	(1,055,422)
Prior year fund balance budgeted	500,000	1,159,347	-	-
Total budgeted revenues	2,000,000	2,659,347	-	-
Expenditures				
Other financing uses	2,000,000	2,659,347	1,394,622	1,264,725
Total budgeted expenditures	2,000,000	2,659,347	1,394,622	1,264,725
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(950,044)	-
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ (950,044)	

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 71990 U.S. TREASURY**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal funds	\$ 500,000	\$ 500,000	\$ 85,537	\$ (414,463)
Other state funds	-	-	980	980
Total budgeted revenues	500,000	500,000	86,517	(413,483)
Prior year fund balance budgeted	250,000	1,021,750	-	-
Total budgeted revenues	750,000	1,521,750	-	-
Expenditures				
Other financing uses	750,000	1,521,750	1,091,466	430,284
Total budgeted expenditures	750,000	1,521,750	1,091,466	430,284
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(1,004,949)	\$ -
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ (1,004,949)	

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 59400**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 850,000	\$ 850,000	\$ 443,479	\$ (406,521)
Total revenues	850,000	850,000	443,479	(406,521)
Prior year fund balance budgeted	550,000	550,000	-	-
Total budgeted revenues	1,400,000	1,400,000	-	-
Expenditures				
Other financing uses	1,400,000	1,400,000	298,413	1,101,587
Total budgeted expenditures	1,400,000	1,400,000	298,413	1,101,587
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	145,066	-
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ 145,066	

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, 2015

	<u>Agency Funds</u>
ASSETS	
Interest in State Treasurer General Fund Investment Pool	<u>\$ 389,566</u>
Total assets	<u><u>\$ 389,566</u></u>
LIABILITIES	
Assets held for others	<u>\$ 389,566</u>
Total liabilities	<u><u>\$ 389,566</u></u>

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE A – HISTORY AND FUNCTION

On July 1, 1987, the Department of Public Safety was formed by Section 9-19-4 NMSA 1978. 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 two 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, 2015

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 and deferred outflows as well as long-term debt and obligations and deferred inflows. 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

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

federal and state grants, court fines and forfeitures, concealed carry weapon fees, security 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, 2015

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financials statements focus on current resources and use of spendable resources, as well as on the valance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of governmental funds are narrower than governmental-wide financials statements. 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 of 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.

12800 General Operating Fund - The operating account for the Department was created by Chapter 29, Article 12 NMSA 1978 may be cited as the "New Mexico State Police Act". This is a reverting fund.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Basic Financial Statements - Fund Financial Statements – Continued

Governmental Fund Types – Continued

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. Fund is closing in FY 17.

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.

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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Basic Financial Statements - Fund Financial Statements – Continued

Governmental Fund Types – Continued

- 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.
- 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 (DFA) to account for funds received under the American Recovery and Reinvestment Act (ARRA). It is a non-reverting fund. The department is no longer using this fund and is waiting for DFA to close the fund.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Basic Financial Statements - Fund Financial Statements – Continued

Governmental Fund Types – Continued

89400 Crime Stoppers Reward Fund - The Crime Stoppers Reward Fund was established in accordance with a New Mexico Department of Finance and Administration directive to account for contributions (gifts, bequests or court-ordered amounts) to the Crime Stoppers program and expenditures from the program. 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. Funds were 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. In 2012 the Department of Finance and Administration created fund 89200 for Severance Tax Bonds and 93100 for General Fund appropriations. Making fund 09000 obsolete. This will be closed now is Fiscal Year 2016.

89200 Capital Projects Fund - The Capital Projects Fund was established by the Department of Finance and Administration 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, 2015

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 by the Department of Finance and Administration 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, 2015

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 appropriated and made available. 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 follows 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, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Measurement Focus and Basis of Accounting – Continued

The Department follows 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. Deferred inflows of \$894,897 were recorded in the Governmental Funds where all eligibility requirements of the respective grants were met, but the grants proceeds were not available until after 60 days from June 30, 2015.

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 Deferred Inflows in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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, 2015

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 legal level of budgetary control is the appropriation program level. 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.
- f.) The Department exceeded its budget for other expenditures for Fund 128P781 by \$530,359. See Finding 2015-006.

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, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Interest in the General Fund Investment Pool Not Reconciled

Compliant with Statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006, through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business process and systems configuration changes made during the Cash Management Remediation Project Phase I the Department of Finance and Administration's Financial Control Division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation. The claims to resources reconciliation process has been successfully applied to fiscal year-end 2014 and the months from January 2015 through June 2015. While work remains, the results are encouraging and the following representations can be made:

- a.) The difference between statewide agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims has remained within a relatively narrow range over the periods in which the reconciliation process has been used;
- b.) Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

Cash Controls at DPS

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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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 FY2014. DFA performs a review and creates a journal entry to properly post the deposited funds to the Department's general ledger.

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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

Because of the compensating control activities in place during recent years in response to risk assessment detailed above, management believes that the value of \$9,135,604, as its share of the GFIP, is materially correct at June 30, 2015, 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 2015, there were no estimated allowable costs allowed for or charged to any federal grants.

9. Unearned Revenue and Deferred Inflows

Unearned Revenue

Unearned revenue represents a liability for the Department when a payment is made to the department in advance of goods or services being rendered. When goods or services are rendered unearned revenue is decreased and revenue is recognized and recorded as an increase. Unearned revenue is used to account for (1) amounts received from a vendor in advance of expenditures occurring, whereas certain eligibility requirements have not yet been met.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Unearned Revenue and Deferred Inflows – Continued

Deferred Inflows

Deferred inflows in the amount of \$894,897 have been reported on the balance sheet – governmental funds because the Department received grants funds in advance from state (non-federal) funds and all eligibility requirements have been satisfied except for time requirements. The deferred inflows are expected to be amortized to revenue in the coming year.

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, 2015

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, 2015, 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, 2015

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 30 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

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 through enabling legislation is \$6,873,916; 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. The non-spendable category of fund balance consists of the net financial resources that cannot be spend because they are either not in spendable form or legally or contractually required to be maintained intact. A summary of the nature and purpose of these reserves by fund type at June 30, 2015, follows:

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Fund Balance Classifications – Continued

Non-spendable - 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.

Non-spendable - 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.

Non-spendable – Short Term Investments. This reserves was created to represent the portion of the fund balance that is in a Certificate of Deposit (CD) for the Motor Transportation.

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.

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, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Fund Balance Classifications – Continued

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

Fund/Program	Nonspendable	Restricted Purposes	Committed
General Fund (12800)	\$ -	\$ 748,145	\$ -
Prepaid Expense (Postage)	20,175	-	-
Petty Cash and Changes Funds, & Certificate of Deposit (CD)	10,099	-	-
Inventories	1,096	-	-
Cash in Authorized Banks	169,283	-	-
Federal Forfeitures Fund (34300)			
Flashroll	100,000	-	-
Multi Year General Fund Appropriation (12800)			
Laws 2015, 1st Session, Chapter 101, Section 5, item 053 (Vehicle Appropriation)	-	1,355,000	-
Laws 2013, Chapter 227, Section 7, Item 020-Repurposed in laws 2015, Chapter 101, Section 7, Item 025 (CAD and RMS)	-	450,000	-
Laws 2014, Chapter 63, Section 7, Item 020-Repurposed in Laws 2015, Chapter 101, Section 7, Item 025 (CAD and RMS)	-	100,000	-
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	-	1,168,264	-
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	-	130,934	-
Capital Projects Fund (09000)			
Chapter 7, Section 14 Laws of 1998	-	-	-
State Chemist Fees Fund (27200)			
Section 31-12-9, NMSA 1978	-	871,881	-
CSA Forfeitures Fund (34200)			
Section 30-31-35, NMSA 1978	-	11,720	-
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	-	100,177	-
Concealed Handgun Carry Fund (59400)			
Section 29-19-13, NMSA 1978	-	1,906,026	-
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>\$ 300,653</u>	<u>\$ 6,873,906</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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.

19. Cost Allocation

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

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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 \$17,813,521 at June 30, 2015. 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, 2015

**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, 2015 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, 2015, the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool \$9,130,272

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 in Supplementary Information.

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, 2015.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

**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, 2015. 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, 2015. 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, 2015 are as follows:

	Due From (Receivable)	Due To (Payable)
General Fund (12800)	\$ 2,359,551	\$ 1,165,092
State Chemist Fees (27200)	160,514	-
Federal Forfeitures (34300)	-	1,172,803
Concealed Handgun Carry (59400)	1,004,189	-
Federal Forfeitures - US Treasury (71990)	-	1,036,987
Advanced Training (78600)	-	149,372
Total	\$ 3,524,254	\$ 3,524,254

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, 2015

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)	\$ 3,074,476	\$ -
State Chemist Fees (27200)	-	119,025
State Forfeitures (34200)	-	44,892
Federal Forfeitures (34300)	-	1,394,622
Concealed Handgun Carry (59400)	-	298,413
Federal Forfeitures - US Treasury (71990)	-	1,091,466
Advanced Training (78600)	-	126,056
	<hr/>	<hr/>
Total	<u>\$ 3,074,476</u>	<u>\$ 3,074,474</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.

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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

	<u>Due From</u>	<u>Due To</u>
General Fund (12800)		
Aging & Long-Term Services Department (62400)	\$ 60	\$ -
Corrections Department (77000)	-	53,388
Crime Victims Reparation Comm (78000)	30	-
Department of Health (66500)	-	130
Department of Transportation (80500) - grants receivable	543,996	-
Educational Retirement Board (35200)	15	-
Energy, Minerals & Resources Department (52100) - grants receivable	63,644	-
Office of the State Auditor (30800)	15	-
Regulation & Licensing Department (42000)	195	-
Taxation & Revenue Department (66500)	-	126
	<hr/>	<hr/>
Total General Fund	607,955	53,644
Federal Forfeitures - US DOJ (34300)		
State Treasurer (39400)	211	-
Peace Officers' Survivors Fund (34600)		
State Treasurer (39400)	24	-
Federal Forfeitures - US Treasury (71990)		
State Treasurer (39400)	86	-
Law Enforcement Advanced Training (78600)		
Office of the Attorney General (30500)	-	2,375
	<hr/>	<hr/>
Total other non-major funds	321	2,375
	<hr/>	<hr/>
Total	\$ 608,276	\$ 56,019
	<hr/> <hr/>	<hr/> <hr/>

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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 Tax & Rev 33300-99400	Department of Public Safety 12800	Department of Public Safety 09000	Department of Public Safety 78600
NM DPS General Fund - 12800							
General Fund Appropriation	\$ 104,631,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Road Fund Allotment	-	-	-	-	-	-	-
Compensation Package	-	4,655,800	-	-	-	-	-
Special Appr - Vehicle Replacement	1,355,000	-	-	-	-	-	-
DP Appr - Computer Aided Dispatch	-	-	550,000	-	-	-	-
MTP - Weight Distance	-	-	-	1,265,900	-	-	-
NM DPS Peace Officers' Fund - 34600							
Replenish Peace Officers' Fund	-	499,433	-	-	-	-	-
Department of Finance - 34100							
State General Fund Reversion	-	-	-	-	(69,137)	(100,899)	(149)
Taxation & Revenue Dept - 33300							
TRD Weight Distance Reversion	-	-	-	-	(126)	-	-
Total	\$ 105,986,200	\$ 5,155,233	\$ 550,000	\$ 1,265,900	\$ (69,263)	\$ (100,899)	\$ (149)

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE F – CAPITAL ASSETS

The capital assets activity for the year ended June 30, 2015, is as follows:

	Balance June 30, 2014	Additions	Retirements	Adjustments	Balance June 30, 2015
Capital assets not being depreciated					
Land	\$ 14,394	\$ -	\$ -	\$ -	\$ 14,394
Other capital assets					
Furniture and fixtures	\$ 243,306	\$ 223,867	\$ (35,082)	\$ -	\$ 432,091
Equipment and machinery	10,688,935	381,352	(1,208,408)	-	9,861,879
Automobile	29,393,077	4,831,435	(2,937,635)	271,979	31,558,856
Aircraft	7,222,900	-	(450,000)	-	6,772,900
Buildings and structures	1,637,755	16,683	(35,505)	-	1,618,933
Data processing equipment	8,306,240	1,871,422	(1,466,314)	-	8,711,348
Livestock and animals	104,043	58,850	(25,400)	-	137,493
Total other capital assets	57,596,256	7,383,609	(6,158,344)	271,979	59,093,500
Accumulated depreciation for:					
Furniture and fixtures	157,564	15,754	(35,082)	-	138,236
Equipment and machinery	8,759,889	682,974	(1,203,787)	-	8,239,076
Automobile	21,041,979	3,694,109	(2,923,832)	282,937	22,095,193
Aircraft	3,539,246	679,165	(436,875)	-	3,781,536
Buildings and structures	780,308	76,562	(23,331)	-	833,539
Data processing equipment	6,783,318	804,742	(1,466,224)	100	6,121,936
Livestock and poultry	98,887	11,370	(25,400)	-	84,857
Total accumulated depreciation	41,161,191	5,964,676	(6,114,531)	283,037	41,294,373
Other capital assets, net	\$ 16,435,065	\$ 1,418,933	\$ (43,813)	\$ (11,058)	\$ 17,799,127
Capital assets summary					
Capital assets not being depreciated	\$ 14,394	\$ -	\$ -	\$ -	\$ 14,394
Other capital assets, at cost	57,596,256	7,383,609	(6,158,344)	271,979	59,093,500
Total cost of capital assets	57,610,650	7,383,609	(6,158,344)	271,979	59,107,894
Accumulated depreciation	(41,161,191)	(5,964,676)	6,114,531	(283,037)	(41,294,373)
Capital assets, net	\$ 16,449,459	\$ 1,418,933	\$ (43,813)	\$ (11,058)	\$ 17,813,521

The Department does not have any debt related to capital assets at June 30, 2015. Depreciation expense for the Department amounted to \$5,964,676 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, 2015

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 to 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, 2015, are:

General Fund - 12800		
General appropriation - current year	\$	68,396
Special appropriations		741
Department of Public Safety - 09000		
Issuance of severance tax bonds		100,899
Special Revenue Fund - 78600		
Advanced training		<u>149</u>
Total	<u>\$</u>	<u>170,185</u>

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

NMTRD Weight Distance Tax Fund	\$	126
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The Department's total reversion for FY2015 to the State General Fund classified within transfers out (expenditures) is \$170,311: due to the State General Fund of \$170,185 and due to other state agencies of \$126 for a total \$170,311.

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, 2015.

State of New Mexico
Department of Public Safety

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE H – COMPENSATED ABSENCES PAYABLE – CONTINUED

A summary of changes in the compensated absences payable for the year ended June 30, 2015, is as follows:

	Balance <u>June 30, 2014</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2015</u>
Compensated absences payable				
Due within one year	\$ 2,241,422	\$ 2,664,263	\$ (2,605,718)	\$ 2,299,967
Due after one year	<u>2,087,358</u>	<u>2,625,947</u>	<u>(2,503,533)</u>	<u>2,209,772</u>
Total	<u>\$ 4,328,780</u>	<u>\$ 5,290,210</u>	<u>\$ (5,109,251)</u>	<u>\$ 4,509,739</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>	
2016	\$ 950,456
2017	683,400
2018	550,615
2019	346,762
2020	189,706
2021 - 2022	<u>189,237</u>
	<u>\$ 2,910,176</u>

During the year ended June 30, 2015, 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, 2015

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>
FY2014	16.59%	8.92%
FY2015	16.99%	8.92%
<u>Enhanced</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY2014	25.10%	9.10%
FY2015	25.50%	9.10%

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

**NOTE K – PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION
– CONTINUED**

GASB 68 - Financial Reporting and Disclosure for Multiple Employer Cost Sharing Pensions Plans by Employers: Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015. The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR, and will be available, when issued, from the Office of State Controller Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

The Department's contributions to PERA for the fiscal years ending June 30, 2015, 2014 and 2013 were \$10,069,854, \$9,128,619, and \$8,211,735, respectively, which equal the amount of the required contributions for each fiscal year.

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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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

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:

<u>Non-Enhanced</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY2014	2.000%	1.000%
FY2015	2.000%	1.000%
<u>Enhanced</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY2014	2.500%	1.250%
FY2015	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, 2015, 2014 and 2013 were \$1,083,324, \$1,056,419, and \$951,893, respectively, which equal the amount of the required contributions for each fiscal year.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

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, 2015.

NOTE N – 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, 2015 and 2014, 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, 2015, 2014, and 2013, the Department had no claims for which the Risk Management Division has returned as "not covered" that would become the responsibility of the Department.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE O – 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, 2015, 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, 2015, 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 \$5,964,676 for the year ended June 30, 2015.

NOTE P – RESTATEMENT

The Department decreased its beginning fund balance by \$233,066 to reflect the necessary reporting for an over reversion from 2009 that had been shown as a reduction of amounts owing to the State General Fund.

The restatement facilitates required procedures for a refund and conforms to standard policy and reporting of DFA for such items.

NOTE Q – SUBSEQUENT EVENTS

The Department has evaluated events and transactions subsequent to June 30, 2015, through April 19, 2016, the date the financial statements were available for issuance, for possible recording or disclosure. In the opinion of management there are no significant matters to record or disclose.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE R – 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 FY2015 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 FY2015. 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE R – NEW ACCOUNTING STANDARDS – CONTINUED

GASB 72

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72) provides guidance for determining a fair value measurement for financial accounting and reporting purposes and requires additional disclosures related to fair value measurements. GASB 72 defines *fair value* as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement sets fair value to be described as an exit price. GASB 72 requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. GASB 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels: Level 1 inputs are quoted prices (unadjusted) in active markets. Level 2 inputs are inputs - other than quoted prices - that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs.

Fair value application generally requires investments to be measured at fair value. An *investment* is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. GASB 72 requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

GASB 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent) GASB 72 is applicable for financial statements for periods beginning after June 15, 2015 (FY2016).

GASB 73

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68* is effective for fiscal years beginning after June 15, 2015 (FY2016) - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (FY2017).

NOTES TO FINANCIAL STATEMENTS – CONTINUED

June 30, 2015

NOTE R – NEW ACCOUNTING STANDARDS – CONTINUED

GASB 74

Governmental Accounting Standards Board Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* is intended to enhance the decision-usefulness of the financial reports of OPEB plans, their value for assessing accountability and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. GASB 74 basically parallels GASB 67 and replaces Statements No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB 74 requires enhanced note disclosures and is effective for financial statements for fiscal years beginning after June 15, 2016 (FY2017).

GASB 75

Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. This statement applies to government employers who provide OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB 75 is effective for fiscal years beginning after June 15, 2017 (FY2018).

State of New Mexico
Department of Public Safety

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

June 30, 2015

	General Fund		Total
	General Fund Account	Local Law Enforcement Account	
ASSETS			
Interest in State Treasurer General Fund Investment Pool	\$ 3,657,106	\$ -	\$ 3,657,106
Cash in banks	169,283	-	169,283
Cash on hand	10,099	-	10,099
Federal grants receivable	4,911,048	-	4,911,048
Trade receivables	108,424	-	108,424
Due from State General Fund	3,044,860	-	3,044,860
Due from other funds	2,359,551	-	2,359,551
Due from other agencies	607,955	-	607,955
Due from local government	-	-	-
Supplies inventory	1,096	-	1,096
Prepaid postage	20,175	-	20,175
	<u>\$ 14,889,597</u>	<u>\$ -</u>	<u>\$ 14,889,597</u>
Total assets			
LIABILITIES			
Accounts payable	\$ 7,766,103	\$ -	\$ 7,766,103
Accrued salaries payable	1,845,605	-	1,845,605
Deferred revenue	18,050	-	18,050
Due to other federal agencies	164,255	-	164,255
Due to other agencies	53,644	-	53,644
Due to the State General Fund	128,156	-	128,156
Due to other funds	1,165,092	-	1,165,092
	<u>11,140,905</u>	<u>-</u>	<u>11,140,905</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Amounts unavailable (not received within period of availability)	894,897	-	894,897
	<u>894,897</u>	<u>-</u>	<u>894,897</u>
Total deferred inflows of resources			
FUND BALANCE			
Non-Spendable			
Petty cash and change funds	10,099	-	10,099
Inventories	1,096	-	1,096
Postage	20,175	-	20,175
Cash in authorized bank and certificate of deposit	169,283	-	169,283
Spendable			
Restricted	2,653,142	-	2,653,142
	<u>2,853,795</u>	<u>-</u>	<u>2,853,795</u>
Total fund balance			
Total liabilities and fund balance	<u>\$ 14,889,597</u>	<u>\$ -</u>	<u>\$ 14,889,597</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, 2015

	General Fund		Total
	General Fund Account	Local Law Enforcement Account	
Revenues			
Federal grants	\$ 9,227,373	\$ -	\$ 9,227,373
State grants	555,331	-	555,331
Other program fees	4,230,172	-	4,230,172
Proceeds from sale of property	755,124	-	755,124
Total revenues	14,768,000	-	14,768,000
Expenditures			
Public safety			
Current			
Personal services and employee benefits	89,907,172	-	89,907,172
Contractual services	3,755,044	-	3,755,044
Other costs	26,674,085	-	26,674,085
Capital outlay	7,383,609	-	7,383,609
Total expenditures	127,719,910	-	127,719,910
Excess (deficiency) of revenues over expenditures	(112,951,910)	-	(112,951,910)
Other financing sources (uses)			
State General Fund appropriations	105,986,200	-	105,986,200
Weight Distance Tax Permit Fund appropriations	1,265,900	-	1,265,900
Reversions to State General Fund	(69,263)	-	(69,263)
Interagency transfer in	5,205,800	-	5,205,800
Interfund transfer in	3,074,476	-	3,074,476
Total other financing sources (uses)	115,463,113	-	115,463,113
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	2,511,203	-	2,511,203
Fund balance, beginning	576,208	-	576,208
Restatement	(233,606)	-	(233,606)
	342,602	-	342,602
Fund balances as restated	\$ 2,853,805	\$ -	\$ 2,853,805

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
PUBLIC SAFETY PROGRAM SUPPORT - FUND 12800 P503
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 4,692,900	\$ 4,692,900	\$ 4,692,900	\$ -
Other appropriations	-	-	-	-
Federal funds	3,113,200	3,068,200	1,484,870	(1,583,330)
Other state funds	-	45,000	24,744	(20,256)
Other financing sources	70,600	70,600	70,600	-
Total revenues	7,876,700	7,876,700	6,273,114	(1,603,586)
Prior year cash budgeted	-	-	-	-
Total budgeted revenues	7,876,700	7,876,700	6,273,114	(1,603,586)
Expenditures				
Personal services and benefits	4,143,100	4,015,100	3,606,182	408,918
Contract services	139,400	139,400	132,229	7,171
Other	3,594,200	3,722,200	2,713,894	1,008,306
Other financing uses	-	-	-	-
Total budgeted expenditures	7,876,700	7,876,700	6,452,305	1,424,395
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(179,191)	<u>\$ (179,191)</u>
GAAP basis reconciliation				
Reversion to State General Fund			(3,125)	
Net change in fund balance			<u>\$ (182,316)</u>	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
LAW ENFORCEMENT PROGRAM - FUND 12800 P504
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 75,074,300	\$ 75,074,300	\$ 75,074,300	\$ -
Other appropriations	-	-	-	-
Federal funds	4,124,700	5,408,453	2,668,063	(2,740,390)
Other state funds	3,043,500	3,417,230	2,303,767	(1,113,463)
Other financing sources	8,456,022	10,344,803	6,308,059	(4,036,744)
Total revenues	90,698,522	94,244,786	86,354,189	(7,890,597)
Prior year cash budgeted	-	-	-	-
Total budgeted revenues	90,698,522	94,244,786	86,354,189	(7,890,597)
Expenditures				
Personal services and benefits	64,497,222	65,011,740	61,934,716	3,077,024
Contract services	2,617,600	2,666,782	1,259,943	1,406,839
Other	23,583,700	26,566,264	21,375,015	5,191,249
Other financing uses	-	-	-	-
Total budgeted expenditures	90,698,522	94,244,786	84,569,674	9,675,112
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	1,784,515	\$ 1,784,515
GAAP basis reconciliation				
Reversion to State General Fund			(62,063)	
Net change in fund balance			\$ 1,722,452	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
MOTOR TRANSPORTATION PROGRAM - FUND 12800 P781
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 16,225,900	\$ 16,225,900	\$ 16,225,900	\$ -
Other appropriations	1,265,900	1,265,900	1,265,900	-
Federal funds	5,666,500	8,207,455	4,009,474	(4,197,981)
Other state funds	742,500	1,752,185	1,237,258	(514,927)
Other financing sources	721,900	721,900	721,900	-
Total revenues	24,622,700	28,173,340	23,460,432	(4,712,908)
Prior year cash budgeted	-	-	-	-
Total budgeted revenues	24,622,700	28,173,340	23,460,432	(4,712,908)
Expenditures				
Personal services and benefits	17,619,700	17,764,700	16,527,559	1,237,141
Contract services	2,244,200	4,759,200	1,265,440	3,493,760
Other	4,758,800	5,649,440	6,179,799	(530,359)
Other financing uses	-	-	-	-
Total budgeted expenditures	24,622,700	28,173,340	23,972,798	4,200,542
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(512,366)	\$ (512,366)
GAAP basis reconciliation				
Reversion to State General Fund			(3,215)	
Net change in fund balance			\$ (515,581)	

State of New Mexico
Department of Public Safety

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
STATEWIDE LAW ENFORCEMENT SUPPORT PROGRAM - FUND 12800 P786
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 8,638,100	\$ 8,638,100	\$ 8,638,100	\$ -
Other appropriations	-	-	-	-
Federal funds	1,388,800	1,748,800	888,366	(860,434)
Other state funds	1,974,200	2,804,200	2,151,446	(652,754)
Other financing sources	2,212,278	2,212,278	629,717	(1,582,561)
Total revenues	14,213,378	15,403,378	12,307,629	(3,095,749)
Prior year cash budgeted	-	-	-	-
Total budgeted revenues	14,213,378	15,403,378	12,307,629	(3,095,749)
Expenditures				
Personal services and benefits	8,560,678	8,828,212	7,838,716	989,496
Contract services	1,333,200	1,628,200	1,097,431	530,769
Other	4,319,500	4,946,966	3,389,725	1,557,241
Other financing uses	-	-	-	-
Total budgeted expenditures	14,213,378	15,403,378	12,325,872	3,077,506
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(18,243)	\$ (18,243)
GAAP basis reconciliation				
Reversion to State General Fund			(119)	
Net change in fund balance			\$ (18,362)	

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 12800 Z20529
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2015

	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	-	-	-	-
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

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
DATA PROCESSING APPROPRIATION - REPLACE CAD - ENDS JUNE 30, 2014 - FUND 12800 Z20719
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2015

	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	-	-	-	-
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			\$ -	

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 12800 Z30562
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2015

	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	-	-	-	-
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			\$ -	

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 12800 Z30563
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2015

	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	-	-	-	-
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

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
SPECIAL APPROPRIATION - VEHICLE REPLACEMENT - FUND 12800 Z40569
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Other appropriations	1,335,000	1,335,000	1,335,000	-
Federal funds	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	1,335,000	1,335,000	1,335,000	-
Prior year cash budgeted	400,000	400,000	-	-
Total budgeted revenues	1,735,000	1,735,000	1,335,000	-
Expenditures				
Personal services and benefits	-	-	-	-
Contract services	-	-	-	-
Other	400,000	400,000	399,259	741
Other financing uses	-	-	-	-
Total budgeted expenditures	400,000	400,000	399,259	741
Excess (deficiency) of revenue over expenditures	<u>\$ 1,335,000</u>	<u>\$ 1,335,000</u>	935,741	<u>\$ 741</u>
GAAP basis reconciliation				
Reversion to State General Fund			(741)	
Net change in fund balance			<u>\$ 935,000</u>	

State of New Mexico
Department of Public Safety

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

June 30, 2015

	State Chemist Fees (27200)	CSA Forfeitures (34200)	Orphan Material Recovery (67000)	Special Law Enforcement Advanced Training (78600)
ASSETS				
Interest in State Treasurer General Fund Investment Pool	\$ 711,368	\$ 11,720	\$ 5,029	\$ 127,141
Cash in banks	-	-	-	-
Cash on hand	-	-	-	-
Due from other funds	160,428	-	-	-
Due from other state agencies	86	-	-	-
Due from federal government	-	-	-	-
Due from local government less allowance for doubtful accounts of \$379,548	-	-	-	24,755
Total assets	<u>\$ 871,882</u>	<u>\$ 11,720</u>	<u>\$ 5,029</u>	<u>\$ 151,896</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	149,372
Due to other state agencies	-	-	-	2,375
Due to State General Fund	-	-	-	149
Total liabilities	-	-	-	151,896
Fund Balances				
Spendable				
Restricted	871,882	11,720	5,029	-
Total fund balances	871,882	11,720	5,029	-
Total liabilities and fund balances	<u>\$ 871,882</u>	<u>\$ 11,720</u>	<u>\$ 5,029</u>	<u>\$ 151,896</u>

Revenue Funds				Capital Projects Funds			Total Non-Major Governmental Funds
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	\$ 100,153	\$ 5,636	\$ 52	\$ 100,899	\$ -	\$ -	\$ 1,083,041
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	160,428
-	24	-	-	-	-	-	110
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	24,755
<u>\$ 21,043</u>	<u>\$ 100,177</u>	<u>\$ 5,636</u>	<u>\$ 52</u>	<u>\$ 100,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,268,334</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	149,372
-	-	-	-	-	-	-	2,375
-	-	-	-	100,899	-	-	101,048
-	-	-	-	100,899	-	-	252,795
21,043	100,177	5,636	52	-	-	-	1,015,539
21,043	100,177	5,636	52	-	-	-	1,015,539
<u>\$ 21,043</u>	<u>\$ 100,177</u>	<u>\$ 5,636</u>	<u>\$ 52</u>	<u>\$ 100,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,268,334</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, 2015

	State Chemist Fees (27300)	CSA Forfeitures (34200)	Orphan Material Recovery (67000)	Law Enforcement Advanced Training (78600)
Revenues				
Federal revenue	\$ -	\$ -	\$ -	\$ -
Other state funds				
Fees	201,549	-	-	-
Admissions	-	-	-	126,205
Forfeitures	-	21,953	-	-
Other	-	-	-	-
Total revenues	201,549	21,953	-	126,205
Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	201,549	21,953	-	126,205
Other financing sources (uses)				
State General Fund appropriation	-	-	-	-
Reversion to state general fund	-	-	-	(149)
Other sources	-	-	-	-
Interfund transfers in	-	-	-	-
Interfund transfers out	(119,025)	(44,892)	-	(126,056)
Total other financing sources (uses)	(119,025)	(44,892)	-	(126,205)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	82,524	(22,939)	-	-
Fund balance, beginning	789,358	34,659	5,029	-
Fund balance, ending	<u>\$ 871,882</u>	<u>\$ 11,720</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)	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	201,549
-	-	-	-	-	-	-	-	126,205
-	-	-	-	-	-	-	-	21,953
-	-	205	-	-	-	-	-	205
-	-	205	-	-	-	-	-	349,912
-	-	500,000	-	-	-	-	-	500,000
-	-	500,000	-	-	-	-	-	500,000
-	-	(499,795)	-	-	-	-	-	(150,088)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(100,899)	-	-	(101,048)
-	-	-	-	-	-	-	-	-
-	-	499,433	-	-	-	-	-	499,433
-	-	-	-	-	-	-	-	(289,973)
-	-	499,433	-	-	(100,899)	-	-	108,412
-	-	(362)	-	-	(100,899)	-	-	(41,676)
-	21,043	100,539	5,636	52	100,899	-	-	1,057,215
<u>\$ -</u>	<u>\$ 21,043</u>	<u>\$ 100,177</u>	<u>\$ 5,636</u>	<u>\$ 52</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,015,539</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 27200**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 300,000	\$ 300,000	\$ 201,550	\$ (98,450)
Total revenues	300,000	300,000	201,550	(98,450)
Prior year fund balance budgeted	300,000	300,000	-	-
Total budgeted revenues	600,000	600,000	-	-
Expenditures				
Other financing uses	600,000	600,000	119,026	480,974
Total budgeted expenditures	600,000	600,000	119,026	480,974
Excess (deficiency) of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	82,524	<u>\$ -</u>
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			<u>\$ 82,524</u>	

State of New Mexico
Department of Public Safety

**NON-MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
CSA STATE FORFEITURES - FUND 34200**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 15,000	\$ 15,000	\$ 21,953	\$ 6,953
Total revenues	15,000	15,000	21,953	6,953
Prior year fund balance budgeted	35,000	35,000	-	-
Total budgeted revenues	50,000	50,000	-	-
Expenditures				
Other financing uses	50,000	50,000	44,892	5,108
Total budgeted expenditures	50,000	50,000	44,892	5,108
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(22,939)	\$ -
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ (22,939)	

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 34600**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ -	\$ -	\$ 205	\$ 205
Other financing sources	-	500,000	499,433	(567)
	-	500,000	499,638	(362)
Total revenues	-	500,000	499,638	(362)
Prior year fund balance budgeted	-	-	-	-
Total budgeted revenues	-	500,000	499,638	(362)
Expenditures				
Other	-	500,000	500,000	-
Total budgeted expenditures	-	500,000	500,000	-
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	(362)	\$ (362)
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ (362)	

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 67000**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Prior year fund balance budgeted	5,000	5,000	-	-
Total budgeted revenues	5,000	5,000	-	-
Expenditures				
Other financing uses	5,000	5,000	-	5,000
Total budgeted expenditures	5,000	5,000	-	5,000
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	-	\$ 5,000
GAAP basis reconciliation				
Reversion to State General Fund			-	
Net change in fund balance			\$ -	

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 78600**

Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Other state funds	\$ 2,000,000	\$ 2,000,000	\$ 126,205	\$ (1,873,795)
Total revenues	2,000,000	2,000,000	126,205	(1,873,795)
Prior year fund balance budgeted	-	-	-	-
Total budgeted revenues	2,000,000	2,000,000	126,205	(1,873,795)
Expenditures				
Other financing uses	\$ 2,000,000	\$ 2,000,000	\$ 126,056	1,873,944
Total budgeted expenditures	2,000,000	2,000,000	126,056	1,873,944
Excess (deficiency) of revenue over expenditures	\$ -	\$ -	149	\$ 149
GAAP basis reconciliation				
Reversion to State General Fund			(149)	
Net change in fund balance			\$ -	

State of New Mexico
Department of Public Safety

**NON-MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
SPECIAL DONATIONS - FUND 88200**

Year Ended June 30, 2015

	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 RECOVERY AND REINVESTMENT ACT - FUND 89000
US DEPARTMENT OF JUSTICE - JUSTICE ASSISTANCE GRANT**

Year Ended June 30, 2015

	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 89200**

Year Ended June 30, 2015

	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 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>	

The fund was inactive for the year.

State of New Mexico
Department of Public Safety

**NON-MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS) -
LAW ENFORCEMENT VEHICLES - ENDS JUNE 30, 2014 - FUND 93100**

Year Ended June 30, 2015

	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, 2015

	DNA Fund	Evidence Fund	Governmental Gross Receipts Tax Fund	Total
ASSETS				
Interest in State Treasurer General Fund Investment Pool	\$ 249,786	\$ -	\$ -	\$ 249,786
	-	139,780	-	139,780
Total assets	\$ 249,786	\$ -	\$ -	\$ 389,566
LIABILITIES				
Assets held for others	\$ 249,786	\$ 139,780	\$ -	\$ 389,566
Total liabilities	\$ 249,786	\$ 139,780	\$ -	\$ 389,566

State of New Mexico
Department of Public Safety

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

June 30, 2015

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance June 30, 2015</u>
DNA Fund (402000)				
ASSETS				
Interest in State Treasurer General Fund Investment Pool	<u>\$ 254,537</u>	<u>\$ 250,126</u>	<u>\$ (254,877)</u>	<u>\$ 249,786</u>
LIABILITIES				
Assets held for others	<u>\$ 254,537</u>	<u>\$ 250,126</u>	<u>\$ (254,877)</u>	<u>\$ 249,786</u>
Evidence Fund (105600)				
ASSETS				
Interest in State Treasurer General Fund Investment Pool	<u>\$ 139,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,780</u>
LIABILITIES				
Assets held for others	<u>\$ 139,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,780</u>
Governmental Gross Receipts Tax Fund (787000)				
ASSETS				
Interest in State Treasurer General Fund Investment Pool	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Assets held for others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Agency Funds				
ASSETS				
Interest in State Treasurer General Fund Investment Pool	<u>\$ 394,317</u>	<u>\$ 250,126</u>	<u>\$ (254,877)</u>	<u>\$ 389,566</u>
LIABILITIES				
Assets held for others	<u>\$ 394,317</u>	<u>\$ 250,126</u>	<u>\$ (254,877)</u>	<u>\$ 389,566</u>

State of New Mexico
Department of Public Safety

SCHEDULE OF CASH

June 30, 2015

Name of Depository	Account Name	SHARE Fund No.	Type of Account	Interest Bearing	Bank Balance at June 30, 2015	Reconciled Balance at June 30, 2015
Governmental Fund Types						
General Fund						
New Mexico State Treasurer	Department of Public Safety	128000	State Treasury	No	\$ 3,657,106	\$ 3,657,106
New Mexico State Treasurer	Local Law Enforcement Block Grant	696000	State Treasury	No	-	-
Wells Fargo Bank	Contingency Fund Account	128000	Wells Fargo - Checking	No	39,988	39,988
	SID Alochol Contingency	128000	Cash on Hand	N/A	-	6,523
	SID - DOH Cigarette/Tobacco	128000	Cash on Hand	N/A	-	4,880
	Petty Cash and Change Funds	128000	Cash on Hand	N/A	-	2,750
	MTD Port-of-Entry Cash Boxes	128000	Cash on Hand	N/A	-	7,348
Wells Fargo Bank	SID Contingency Fund Account	128000	Wells Fargo - Checking	No	<u>28,809</u>	<u>28,809</u>
Total General Fund Cash					3,725,903	3,747,404
Special Revenue Funds						
New Mexico State Treasurer	Forfeitures CSA	342000	State Treasury	No	11,720	11,720
New Mexico State Treasurer	Federal Forfeitures	343000	State Treasury	Yes	2,340,857	2,340,857
New Mexico State Treasurer	DPS - Peace Officers Survival Fund	346000	State Treasury	Yes	100,153	100,153
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	127,141	127,141
New Mexico State Treasurer	Concealed Carry Handgun	594000	State Treasury	No	902,478	902,478
New Mexico State Treasurer	State Chemist Fees	272000	State Treasury	No	711,368	711,368
New Mexico State Treasurer	Crime Stopper Commission	904000	State Treasury	No	-	-
New Mexico State Treasurer	Federal Forfeitures - Treasury	719000	State Treasury	Yes	1,167,834	1,167,834
Bank of America	Crime Stoppers Rewards	894000	Checking	No	21,043	21,043
Bank of America	NMSP Confidential Funds	128000	Checking	No	66,082	66,082
	NMSP Confidential Funds	128000	Cash on Hand	N/A	-	17,670
	Cash in vault - Federal Forfeitures	343000	Cash in Vault	N/A	-	100,000
New Mexico State Treasurer	Special Donations	882000	State Treasury	No	<u>5,635</u>	<u>5,635</u>
Total Special Revenue Funds					5,459,340	5,577,062
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					9,286,142	9,425,365
Fiduciary Fund Types						
Agency Funds						
New Mexico State Treasurer	DPS - DNA Identification Fund	402000	State Treasury	No	249,786	249,786
	Cash in Vault - Confiscated Evidence	105600	Cash on Hand	No	<u>-</u>	<u>139,780</u>
Total Agency Funds					249,786	389,566
Total Cash					<u>\$ 9,535,928</u>	<u>\$ 9,814,931</u>

State of New Mexico
Department of Public Safety

SCHEDULE OF SPECIAL APPROPRIATIONS

June 30, 2015

STATE OF NEW MEXICO
DEPARTMENT OF PUBLIC SAFETY
SCHEDULE OF SPECIAL APPROPRIATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The schedule below represents the status of special appropriations
made by the New Mexico State Legislature

Special Appropriation	Program Area	Department	Reversion Date*	Amount Appropriated	Amount Budgeted	Re-Appropriation	Adjusted Budget
Laws 2014, 2nd Session, Chapter 63, Section 5, item 069 (Vehicle Appropriation)	P504-LEP	Z40569	June 30, 2015	\$ 400,000	\$ 400,000	\$ -	\$ 400,000
Laws 2015, 1st Session, Chapter 101, Section 5, item 053 (Vehicle Appropriation)	P504-LEP	Z50553	June 30, 2016	\$ 1,355,000	\$ 1,355,000	\$ -	\$ 1,355,000
Laws 2014, Chapter 63, Section 7, Item 019 (AFIS Hardware/ Software)	P781-SLESP	Z40719	June 30, 2017	\$ 160,000	\$ -	\$ -	\$ -
Laws 2013, Chapter 227, Section 7, Item 019; Laws 2015, Chapter 101, Section 7, item 025 (CAD/RMS)	P504-LEP/SLESP	Z30719	June 30, 2017	\$ 2,850,000	\$ -	\$ -	\$ -
Laws 2013, Chapter 227, Section 7, Item 020-Repurposed in Laws 2015, Chapter 101, Section 7, item 025 (CAD and RMS)	P504-LEP/SLESP	Z30720	June 30, 2017	\$ 450,000	\$ 450,000	\$ -	\$ 450,000
Laws 2014, Chapter 63, Section 7, Item 020-Repurposed in Laws 2015, Chapter 101, Section 7, item 025 (CAD and RMS)	P504-LEP/SLESP	Z40720	June 30, 2017	\$ 550,000	\$ 100,000	\$ -	\$ 100,000
Laws 2015, Chapter 101, Section 7, item 024 (Project Planning for RFP)	P504-LEP/SLESP	Z50724	June 30, 2017	\$ 250,000	\$ -	\$ -	\$ -
Total Special Appropriations				<u>\$ 6,015,000</u>	<u>\$ 2,305,000</u>	<u>\$ -</u>	<u>\$ 2,305,000</u>

*The appropriation reverts on the following date unless re-authorized or extended by enabling legislation

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, 2015

Contract Number	Contractor	FY15 Dollar Amt	Description of Services	Effective Date	End Date	Program
15 350 0050 0028	Architectural Research Consultants	\$50,996	Study of strategic operations for the DPS for facilities located in the Abq metropolitan area, seeking determination to possible benefit of consolidating DPS ops in Abq into a single site	6/2/15	6/1/16	NMSP
15-790-1030-0001	Atkinson & Co., Ltd (PSC)	\$84,530	Annual Audit Contract; audit for FY14	7/1/14	6/30/15	ASD
15-790-4070-0015	Bevel Gardner Associates (PSC)	\$10,700	Officer-involved Critical Incident Investigation Course	3/20/15	6/30/15	NMSP
15-790-4000-0005	Dr. Susan Cave	\$50,000	Psychological Exams	7/28/14	6/30/15	NMSP
40-79000-14-01116	Computer Projects of IL (IT PSC)	\$220,849.08	NMLETS Maintenance	7/1/14	6/30/15	IT
14-790-4060-0001	Concentra (PSC)	Total for 4 years 800K. FY15 SID 0001 at \$5,260.00, FY15 MTPD 0002 at \$4910.00; FY15 METHLABS 0003 at \$1,694.21; FY15 NMSP 0004 at \$50,000.	Medical Exams	12/19/13	12/18/17	NMSP
15-790-5520-0014	Constance Shugren	\$13,500	Instructor for Telecommunicator Academy Classes	1/5/15	6/30/15	TRD
15-790-4030-0006	dbS Productions	\$8,100	Lost Person Behavior Search and Rescue Course	8/13/14	6/30/15	NMSP
15-790-4000-0002	Dr. Lori Martinez-Conticelli (PSC)	\$45,960	Psychologist for Police Officer Support Team	7/1/14	6/30/15	NMSP
14-790-4060-0009	EMS Aspects LLC (PSC)	\$0.00	Provide American Heart Assoc AED w/First Aid courses (66) overall-AED Implementation-Quality Assurance-Medical Direction	10/30/13	10/29/14	NMSP
15-790-4060-0013	EMS Aspects LLC (PSC)	\$18,201.45	Provide American Heart Assoc AED w/First Aid courses (66) overall-AED Implementation-Quality Assurance-Medical Direction	12/8/14	12/7/15	NMSP
15-790-4080-0007	Force Science Institute Ltd	\$15,500.00	Force Science Two Day Training	8/21/14	9/30/14	NMSP
15-790-8020-0019	Hartman & Majewski	\$20,683.10	Schematic Site Plans/Construction Estimates Texico NM POE	5/19/15	9/30/15	MTPD
40-790-13-01074	Intelligent Imaging Systems (IT PSC)	\$92,611.00	Maintenance on MTPD Smart Portals	9/1/13	8/31/14	MTPD
50-790-14-01121	Intelligent Imaging Systems (IT PSC)	\$200,000.00	Maintenance on MTPD Smart Portals	9/1/14	1/31/15	MTPD
50-790-14-01138	Intelligent Imaging Systems (IT PSC)	\$488,999 contract total; FY15 amt is \$203,749.60	Maintenance on MTPD Smart Portals	2/1/15	1/31/16	MTPD
30-790-13-01046	Intelligent Imaging Systems (IT PSC)	\$75,000.00	Design and Installation of multiple new items plus Deployment of the WIM+Lane Control integration	2/20/13	5/30/15	MTPD
30-790-13-01046, Amendment One	Intelligent Imaging Systems (IT PSC)	\$0.00	Changed term end date to 5/30/15	2/20/13	5/30/15	MTPD
30-790-13-01046 Amendment Two	Intelligent Imaging Systems (IT PSC)	\$400,000	Due date changed on Deliverable 4, Added deliverables 9 and 10	8/5/14	5/30/15	MTPD
30-790-13-01046 Amendment Three	Intelligent Imaging Systems (IT PSC)	\$400,000	Added Deliverables 11 and 12	3/4/15	5/30/15	MTPD
14-790-1010-0024	Momentum LLC (IT PSC)	\$75,863.28 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	ASD
14-790-1010-0024, Amendment One	Momentum LLC (IT PSC)	\$50,000.00	Functional leadership, application and advisory services pertaining to variety of PeopleSoft Solutions pertaining to DPS Grants and Projects Billing functions Amendment to increase funds and extend validity	12/11/14	5/27/15	ASD

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, 2015

Contract Number	Contractor	FY15 Dollar Amt	Description of Services	Effective Date	End Date	Program
50-790-13-01096	Morphotrak (IT PSC)	\$279,240.54	AFIS Maintenance	1/1/15	6/30/15	TSD
40-790-13-01088	Morphotrak (IT PSC)	\$53,305.73	Sole Source Maintenance on Biometric Server, RapIT MR1100W, Digi Scan Web Client License Software and FIIS FastID Interface Server	12/1/13	11/30/14	TSD
15-790-4060-0012	MT2 Metals Treatment Technologies	\$24,800	Sampling, Field Assessment, Site Characterization Report & Remediation Plan for SP Firing Range	9/22/14	11/30/14	ASD
14-790-4001-0006	Neville Kenning, Kenning Consulting (PSC)	\$0.00 in FY15	Review and Redesign of the Agency Officer Pay Plans	8/12/13	8/11/14	ASD
15-790-4000-0003	Dr. Elisabeth Perry (PSC)	\$3,340	Psychological exams	7/1/14	6/30/15	NMSP
30-790-00-01026	ProMiles Software Development Corp (PSC)	\$1,434,752 total; \$1,149,636.22 in FY15	Implementation of Permitting System MTPD	5/29/14	5/28/18	MTPD
15-790-4000-0004	Public Safety Psychology Group (formerly Forensic Behavioral Health) (PSC)	\$50,000	Psychological exams	7/1/14	6/30/15	NMSP
15-790-4000-0004, Amendment One	Public Safety Psychology Group (formerly Forensic Behavioral Health) (PSC)	\$0	Psychological exams (Amendment to change name only)	7/1/14	6/30/15	NMSP
15-790-9205-0008	RCC Consultants Inc	\$40,014.15	Assistance in procurement, evaluation and selection of vendor in response to DPS CAD RFP	9/12/14	3/30/15	IT
14-790-9110-0010	Ron Smith & Associates, Inc. (PSC)	\$0.00 in FY15	Examination of Latent Finger Print Cases Work for TESD at SF lab	1/13/14	1/12/15	TSD
15-790-0009	Ron Smith & Associates, Inc. (PSC)	\$70,300 first encumbrance for FY15	Examination of Latent Finger Print Cases Work for TESD at SF lab	2/25/15	2/24/19	TSD
14-790-4030-0020	Santa Fe Aero Services LLC (PSC)	\$0.00 in FY15	Appraisal and Broker of NMSP Aircraft Cessna 421C	5/22/14	5/30/15	NMSP
15-790-4030-0011	T S Hazmat dba Signet North America (PSC)	\$11,708.88	Hazardous Materials Safety Officer course	9/22/14	6/30/15	NMSP
15-790-4020-0018	Universal Investigations	\$10,000.00	Background Investigations for Agency applicants for civilian members of law enforcement, including dispatcher and MTPD civilian staff	5/19/15	5/18/16	NMSP
20-790-00-00985	Watch Systems (IT PSC)	\$0.00 in FY15	OffenderWatch Sex Offender Registry System	9/4/12	9/3/14	TSD
20-790-00-00985, Amendment One	Watch Systems (IT PSC)	\$0.00 for FY15	OffenderWatch Sex Offender Registry System/Electronic Signature Pad System Interface	4/16/13	9/3/14	TSD
50-790-14-01128	Watch Systems (IT PSC)	\$150,000.00	Maintenance of OffenderWatch Sex Offender Registration System	5/1/15	4/30/16	TSD
N/A	Western New Mexico University (PSA)	\$5,000 (revenue)	Driving Course for WNMU Police Academy Students	3/5/15	3/15/15	TRD
40-790-13-01075	Xerox (IT PSC)	\$272,771.20	Maintenance Permitting System MTPD (total contract \$327,325.44)	9/15/13	8/31/14	MTPD
50-790-14-01123	Xerox (IT PSC)	\$140,477.15	Maintenance Permitting System MTPD	11/1/14	3/31/15	MTPD

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, 2015

Contractor	FY15 Dollar Amt	Description of Services	Effective Date	End Date	Program
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)	7/31/12	7/30/15	NMSP
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	NMSP
Albuquerque Convention Center (MOU)	\$5000 (money in)	State Police presence at events	6/23/15	1/1/16	NMSP
ABC Entertainers Plus Promotions LLC (MOU)	\$8640 (money in)	Spectator Observation and/or Law Enforcement services	11/5/14	12/1/15	NMSP
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	NMSP
Administrative Office of Courts (AOC) (MOU)	\$2000 (money in)	DWI/Drug Court Participation	7/1/14	6/30/15	NMSP
Air Force Rescue Coordination Center (AFRCC) (MOU)	\$0	To delineate op procedures pursuant to the SAR Agreement MOA betw NM and Inland SAR Coordinator	9/5/12	Upon notice	NMSP
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	NMSP
Albuquerque Police Dept (MOU)	\$0	Use of Abq PD Firing Range	4/7/10	Indefinite	NMSP
Albuquerque Police Dept (MOU)	\$0	Cross-commission two APD officers to enforce Liquor Control Act		Indefinite	NMSP
Albuquerque Police Dept/Bernalillo County Sheriff's Office/NM State Police/Rio Rancho Police Dept (MOU)	\$0	Officer Involved shooting/Serious Use of Force/In Custody Death Investigative Task Force	10/8/14	10/7/16	NMSP
Arizona Gangnet DPS (MOU)	\$0	Gang & Immigration Intelligence Team Enforcement Mission	1/8/13	90 day notice	NMSP
AUI Inc (MOU)	\$15,000 (money in)	Traffic enforcement I40 EB and/or WB Bernalillo County (Rio Puerco)	9/2/13	11/30/14	NMSP
Corrections Dept/DPS/DNA Identification System Oversight Comm (MOU)	\$0	Procedure for continued collection/deposit/distribution of DNA fees	11/24/14	Upon notice	TSD
Defense Courier Station CO Springs NMSP (MOA)	\$0	Procedure for NMSP contact w/Defense Courier shipments in NM	10/24/12	10/23/14	MTPD
Defense Logistics Agency-Dept of Defense (DOD) (MOA)	\$0	Disposition of DOD excess personal property	1/30/14	Upon notice	NMSP
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	IT
Downs Racetrack & Casino (MOU)	\$540	Traffic Control/Law Enforcement at Fireworks display at Expo NM grounds	7/11/14	7/13/14	NMSP
Drivewyze (MOU)	\$0	Operation Field Tests of Drivewyze technology/Commercial vehicle bypass program/MTPD	9/6/12	Upon notice	MTPD
El Paso Police Department (MOU)	\$0	Agreement for the purpose of enabling latent print searches through each parties' AFIS	9/30/14	1 year w/automatic renewal	IT
FBI (MOU)	OT Reimbursement	So. NM Gang Task Force	2/19/10	Indefinite	NMSP
FBI (MOU)	\$0	Understanding re transmitting, receiving, and storage of info in NCIC system	4/11/08	Indefinite	IT
FBI (MOU)	\$0	Safe Streets Violent Gang Task Force (SSVGTf)	6/26/13	Upon Notice	NMSP
FBI (MOU)	\$0	Participate in Undercover Ops with Albuquerque FBI Division	9/15/14	3/15/15	NMSP
Fisher Sand & Gravel (MOU)	\$10,000 (money in)	Traffic Control in I40 Construction Zone	6/15/15	9/1/15	NMSP

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, 2015

Contractor	FY15 Dollar Amt	Description of Services	Effective Date	End Date	Program
Fisher Sand & Gravel (MOU)	\$10,000 (money in)	Traffic Control in I25 Construction Zone	5/22/15	9/1/15	NMSP
Hilton Santa Fe/Bufalo Thunder Resort & Casino (MOU)	\$2,000 (money in)	Law enforcement presence at Buffalo Thunder Resort event	5/8/15	5/9/15	NMSP
HP Communications, Inc. (MOU)	\$3600 (money in)	Traffic Control	12/4/14	12/31/14	NMSP
Human Services Dept-Child Enforcement Amend One (MOU)	\$20,000 (money in)	Warrant Round-ups for HSD child support enforcement division	8/21/14	6/30/15	NMSP
Immigration & Customs Enforcement (ICE) (MOU)	\$16,500/officer/year (money in)	Procedure/terms for reimbursement from ICE of costs incurred by DPS in providing resources to joint operations/task forces	2/17/10	Indefinite	NMSP
Interstate Highway Construction	\$10,000 (money in)	Traffic Control/Construction project on I40, MM 185.8-189.0	10/9/14	4/1/15	NMSP
Judicial Education (JEC) - UNM (MOU)	\$60.00/hour (money in)	Security at several Judges Conferences	2/20/14	12/30/14	NMSP
Judicial Education (JEC) - UNM (MOU)	\$60.00/hour up to \$9600 (money in)	Security at several Judges Conferences	2/2/15	12/30/15	NMSP
Las Cruces Police Dept, Special Response Team (SWAT) (MOU)	\$0	Mutual law enforcement assistance at special situations	7/5/11	Upon Notice	NMSP
La Tuna Correctional Facility (MOU)	\$0	Security details, prison transport, disaster relief	9/17/13	Upon 30 day notice	NMSP
LEA County (MOA)	\$11,346 (money in)	DWI sobriety Saturation Patrols and Underage Drinking Patrols	3/12/15	6/30/15	NMSP
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	NMSP
Mastec (MOU)	\$1875 (money in)	Traffic Control	6/20/14	8/31/14	NMSP
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	6 years	NMSP
Mountain States Constructors (MOU)	\$10,000 (money in)	Traffic Control at intersection of Hwy 285 and I40 at Clines Corners	9/25/14	10/1/14	NMSP
Mountain States Constructors (MOU)	\$50,000 (money in)	Traffic Control I40 @ Coors from MP 154.5 to MP 156	5/29/15	11/1/15	NMSP
NM Natl Guard (MOU)	\$0	Natl Guard use of DPS Range Complex	2/10/12	6/30/15	NMSP
NM State Fair Comm (MOU)	\$38.00/hr (money in)	Provide assistance & security at State Fairground events (other than the State Fair)	6/30/08	Indefinite	NMSP
NM Gang Task Force (MOU)	\$0	Participation in NM Gang Task Force	1/12/12	1/11/15	NMSP
Operation Stonegarden/Dona Ana County (MOU)	\$100,000 (money in)	Support of US Border Patrol and Customs Protection	12/17/12	8/31/14	NMSP
Operation Stonegarden/Dona Ana County NMSP (MOU)	\$126,871.03 (money in)	Support activities to prepare for, prevent, and respond to terrorist attacks and other all-hazardous events	9/1/14	8/30/15	NMSP
Operation Stonegarden/Dona Ana County MTPD (MOU)	111739.68 (money in)	Support activities to prepare for, prevent, and respond to terrorist attacks and other all-hazardous events	9/1/14	8/30/15	MTPD
Operation Stonegarden/MTPD County of Hidalgo (MOU)	\$150,228.86 money in	MTPD/Law Enforcement services in direct support of the US Border Patrol & Customs Protection-EI Paso	5/10/13	9/30/14	MTPD
Operation Stonegarden/MTPD County of Hidalgo (MOU)	224755 (money in)	MTPD/Law Enforcement services in direct support of the US Border Patrol & Customs Protection	10/8/14	8/31/15	MTPD
Operation Stonegarden Hidalgo County (MOU)	131491.84 (money in)	Law Enforcement services in direct support of the US Border Patrol & Customs Protection	9/1/13	8/31/15	NMSP
Operation Stonegarden Hidalgo County (MOU)	\$284,893.30 (money in)	Law Enforcement services in direct support of the US Border Patrol & Customs Protection	6/10/15	8/31/16	NMSP
Operation Stonegarden/NMSP Luna County (MOU)	\$241,000 (money in)	NMSP/Law Enforcement services in direct support of the US Border Patrol & Customs Protection-EI Paso	7/1/13	8/30/14	NMSP
Operation Stonegarden Luna County (MOU)	\$295,174.50 (money in)	Law enforcement services in direct support of the US Border Patrol and Customs Protection	9/11/14	8/31/15	NMSP

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, 2015

Contractor	FY15 Dollar Amt	Description of Services	Effective Date	End Date	Program
Operation Stonegarden Luna County (MOU) Amendment One	\$0.00	Law enforcement services in direct support of the US Border Patrol and Customs Protection (moving funds in categories only; no addtl funding to above MOU)		8/31/15	NMSP
Operation Stonegarden Luna County (MOU)	\$112,000 (money in)	Purchase of Special Equipment from FLIR	8/1/14	12/31/14	NMSP
Operation Stonegarden Luna County (MOU)	\$236,783 (money in)	Law enforcement services in direct support of the US Border Patrol and Customs Protection	6/1/15	8/31/16	NMSP
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	NMSP
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	NMSP
San Felipe Casino (MOU)	\$3000 (money in)	Traffic Control at 7/3/14 Fireworks	6/11/14	7/5/14	NMSP
San Felipe Casino (MOU)	\$3000 (money in)	Traffic Control at 7/3/15 Fireworks	6/29/15	7/5/15	NNSP
San Miguel County Office of Emergency Management (OEM) (MOU)	\$0	Transfer of EOD Bomb Disposal Robot to DPS	11/5/14	11/30/14	NMSP
Santa Fe Concorso (MOU)	\$800 (money in)	Traffic Control at Auto Show at Las Campanas	9/26/14	10/15/14	NMSP
Santa Fe Wine & Chile Fiesta (MOU)	\$800 (money in)	Traffic Control	9/26/14	10/1/14	NMSP
Tri-County Family Justice Center (MOU)	\$0.00	Participation of NMSP officer in Tri-County Family Just Ctr in support of Assistance Program	2/10/15	None stated	NMSP
NM Taxation & Revenue (TRD-MOU)	\$0	Procedure for development, management, operation and security of the information shared between the parties.	1/14/15	1/13/18	IT
US Army Corps of Engineers (MOU)	\$0	Interagency Radio Frequency Use	8/13/12	Not indicated	IT
US Army Garrison (WSMR)/DPS (MOU)	\$0	Define and delineate responsibilities between US Army White Sands and NMSPD	3/18/14	3/17/16	NMSP
US Dept of Agriculture (MOU)	\$10000 (money in)	USDA Inspector Protection	8/2/13	Upon notice	NMSP
USDA Forest Svc - Gila Natl Forest (MOU)	\$0	Define relationship re search & rescue efforts within and near Gila	6/10/10	12/31/18	NMSP
USDA Forest Svc/Cibola Natl Forest-Sandia Ranger Dist (MOU)	\$0	Search and Rescue Missions	4/5/12	5/31/15	NMSP
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	IT
US Dept of Interior Fish & Wildlife (MOU)	\$0	Emergency assistance for National Wildlife Refuge System	10/16/08	Upon Notice	NMSP
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	MTPD
US Marshals Service (MOU)	\$0	Fugitive Task Force	8/14/02	Indefinite	NMSP
Valencia County Senior Center (MOU)	\$0	DPS use of office space for admin only per Valencia County request	7/2/14	7/1/16	NMSP

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, 2015

Contractor	FY15 Dollar Amt	Description of Services	Effective Date	End Date	Program
JPA:					
Bernalillo County (JPA)	\$0	E911 equipment use/maintenance at District 5 Albuquerque	11/24/09	Indefinite	IT
BLM (JPA)	\$0	Officer involved shootings investigations	7/26/10	5 yrs	NMSP
BLM (JPA)	\$0	Officer involved shootings investigations	5/4/15	5 yrs	NMSP
Chaves County/Roswell PD/DPS (JPA)	\$0	Officer involved incident investigations	3/24/09	Indefinite	NMSP
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	TSD
Dona Ana County/Las Cruces Police/NMSU Police (JPA)	\$0	Officer-involved incident investigations	10/14/09	Indefinite	NMSP
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	NMSP
EXPO NM (JPA)	\$130,000 (money in)	Law Enforcement at 2014 State Fair	8/12/14	2/28/15	NMSP
Luna County (JPA)	\$0	Authorize Luna County Regional Dispatch Auth to use NM SP CAD	8/15/12	Upon notice	IT
McKinley County/Gallup PD/DPS (JPA)	\$0	Officer involved incident investigations	3/24/09	Indefinite	NMSP
Mesilla Valley Dispatch Auth (JPA)	\$0	E911 Service to Dona Ana County	4/19/06	Indefinite	IT
NM State University (JPA)	\$120,000 (money in, for 3 years)	Law enforcement at NMSU events	8/31/11	8/30/14	NMSP
NM State University (JPA)	\$40,000 money in/year	Assistance and Additional Security during Special Events	9/18/14	9/17/17	NMSP
San Juan County/Aztec, Bloomfield, Farmington Police (JPA)	\$0	Officer-involved incident investigations	8/27/09	Indefinite	NMSP
Santa Fe County (JPA)	\$0	E911 equipment useage Emergency Comm center	11/17/09	Indefinite	IT
San Juan Criminal Just Trng Auth (JPA)	\$0	Participation in joint training facility	12/20/10	Indefinite	NMSP
Sierra County (JPA)	\$0	Authorize County Regional Dispatch Authority to use NM State Police CAD	3/20/12	3/19/16	IT
Village of Maxwell (JPA)	\$0	Law Enforcement Services	7/8/10	6/30/15	NMSP
Village of Pecos (JPA)	\$0	Law Enforcement Services	7/1/00	Upon notice	NMSP
Village of Ruidoso (JPA)	\$22,909.00	Lease of Office Space	7/1/10	Upon notice	NMSP
Village of Wagon Mound (JPA)	\$0	Law Enforcement Services	7/26/10	6/30/15	NMSP

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, 2015

Contractor	FY15 Dollar Amt	Description of Services	Effective Date	End Date	Program
ALTSD Aging & Long Term Svcs Host Agreement	\$0	Procedure for Senior Employment Program	12/9/14	Upon notice	ASD
BLM - NM (Federal Contract) L13PX00458	\$5700 (money in)	Law Enforcement Pilar/Orilla Verde Recreation/John Dunn Bridge/Wild Rivers Recreation/	5/1/14	4/30/15	NMSP
BLM - NM (Federal Contract) L13PX00458	\$5700 (money in)	Law Enforcement Pilar/Orilla Verde Recreation/John Dunn Bridge/Wild Rivers Recreation/	5/1/15	4/30/16	NMSP
DEA/HIDTA Task Force Abq NMSP Agreement	\$17,202/officer (money in)	Participation in Drug Enforcement Task Force in Abq/NMSP	10/1/13	9/30/14	NMSP
DEA HIDTA State Police Task Force Albuquerque	\$17,374.25/officer (money in)	Disrupt illicit drug traffic in the Albuquerque Area	10/1/14	9/30/15	NMSP
DEA/DPS-NMSP HIDTA Task Force Cruces Agreement	\$17,202/officer (money in)	Participate in Task Force operations/Drug Trafficking prevention/Cruces NMSP	10/1/13	9/30/14	NMSP
DEA HIDTA State Police Task Force Las Cruces	\$17,374.25/officer (money in)	Disrupt illicit drug traffic in the Las Cruces Area			NMSP
Dept of Transportation/MTD (MOA)	\$0	Define responsibilities of the parties as related to the POE Smart Roadside Info System	6/23/09	Indefinite	MTPD
Dept of Veterans Affairs (Ltr of Understanding) re EDAC Earth Data Analysis Center (IT Inter Govt) 13-790-9205-0017	\$0	Law enforcement assistance at VA facilities	12/22/10	Indefinite	NMSP
EDAC (Inter Govt) 13-790-9205-0017 Amend One	\$0.00	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	IT
EDAC (Inter Govt) 13-790-9205-0017 Amend One	\$0.00	Amendment One/Activities to be added re CAD mapping project	5/9/14	6/30/17	IT
Human Svcs Dept (Govt Svcs Agreement)	\$1,035,011 over three years (money in)	Tobacco Enforcement	12/30/11	9/30/14	SID
LexisNexis (Agreement)	\$0	eCrash Electronic Police Record Portal Services	2/3/12	2/2/15	TSD
LexisNexis (Agrmnt) Amendment One	\$8.00/report (revenue)	eCrash Electronic Police Record Portal Services	7/2/12	2/2/15	TSD
McKinley County (Inter Govt)	0	Back-up Public Safety Answer Point capabilities for McKinley County by D6 DPS Comm Center	12/3/14	Upon notice	IT
Navajo Nation (Agreement)	\$0	Cross commissioning of officers	8/30/12	8/29/17	NMSP
NM Corrections Department (Inter Govt)	\$20,000	Temporary Transfer of Employee Robin Bruck to DPS Legal from NMCD	1/24/15	Until funds exhausted	ASD
Sandoval County (Inter Govt)	\$0	Authorize county to use State Police Car to Car and LEN Radio Frequency	6/30/11	6/29/15	IT
San Miguel County (Inter Govt)	\$30,000 (revenue)	Participation in DPS Comm Center/CAD	7/12/11	7/11/15	IT
Socorro County (Inter Govt Svcs)	\$30,000 (revenue)	Participation in DPS Comm Center/CAD	2/26/13	2/25/17	IT
State of Washington DOT (Inter Govt)	\$25,000	CVIEW Support Agreement MTPD/Amendment One/Extension of term	7/1/14	6/30/15	MTPD
TRD/DPS-MTPD (Intra Govt)	\$3,260,000 over 5 yrs (money in)	Funding for temp employees and License Plate Readers w/DoIT and DOT involvement	10/20/10	6/30/15	MTPD
TRD/DPS-MTPD Amend 1 to Oct 2010 agreement (Intra Govt)	\$385,927 (money in)	Transfer/add funds to Oct 2010 agreement	1/3/12	6/30/15	MTPD
TRD (Intra Govt) Amendment 2	\$730,000 (money in)	Amendment 2 to October 2010 agreement; indicating use of funds transferred in Jan 2011	1/18/13	6/30/15	MTPD
TRD (Intra Govt) Amendment 3	\$0	Amendment 3 to October 2010 agreement, indicating change in funding use	8/18/14	6/30/15	MTPD
UNM (Inter Govt)	\$48,000	Medical Director	7/1/14	6/30/15	NMSP
US Army Corp of Egr (Federal)	\$16,782.70 (money in)	Law Enforcement services at the Conchas Lake Recreational Area	5/8/15	9/7/15	NMSP
USDA Forest Svc Santa Fe & Carson Natl Forest/Master Agrmnt 12-LE-11030200-001	\$17,000/year (money in estimated)	Master Agrmnt governing patrols of Santa Fe & Carson Natl Forests	2/7/12	9/30/17	NMSP
USDA Forest Svc/Southwestern Region (Coop Law Enforcement Op and Financial Plan)	\$50,000 (money in)	SW Region forest patrols/Carson, Santa Fe, Cibola, Gila and Lincoln Forests	10/1/13	9/30/14	NMSP
USDA Forest Svc/Southwestern Region (Coop Law Enforcement Op and Financial Plan)	\$49671.18 (money in)	SW Region forest patrols/Carson, Santa Fe, Cibola, Gila and Lincoln Forests	1/1/15	12/31/15	NMSP

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, 2015

Contract Number	Contractor	FY14 Dollar Amt	Description of Services	Effective Date	End Date	Program
20-790-00-01007	3M Cogent (PSC)	Fee based	LIVESCAN Fingerprinting Services	11/20/12	11/19/16	TSD
20-790-00-01007	3M Cogent (IT PSC) Amendment One	Fee based	Statewide Outsourced Livescan Fingerprinting Services/Amendment One to extend term	11/20/12	11/19/17	TSD
20-790-00-01007	3M Cogent (IT PSC) Amendment Two	Fee based	Statewide Outsourced Livescan Fingerprinting Services/Amendment Two to change fees in Deliverable Four	11/6/13	11/19/17	TSD
20-790-00-01007, THIS IS NOW A STATEWIDE PRICE AGREEMENT	3M Cogent Amendment Three	\$0.00	Fingerprinting Services/Amendment to convert to Statewide Price Agreement as originally intended in the RFP	12/20/13	11/18/17	TSD
30-790-13-01044A Amendment One	Bentley's (Services Agreement)	Fee based	Physical Auctioneering	7/2/14	7/3/15	NMSP
30-790-13-01044A Amendment Two	Bentley's (Services Agreement)	Fee based	Physical Auctioneering	7/4/15	7/3/16	NMSP
30-790-13-01042, Amendment One	Cassidy's Landscaping	Fee based	Landscaping services for DPS	3/27/14	3/26/15	ASD
30-790-13-01042, Amendment Two	Cassidy's Landscaping	Fee based	Landscaping services for DPS	3/27/15	3/26/16	ASD
50-790-14-01133	LexisNexis VitalChek Network Inc	Fee based	Credit Card Processing for MTD Permitting System	3/6/15	3/5/2016 w/3 option years available	MTPD
30-790-13-01044B	The Public Group (Services Contract)	fee based	On-Line Auctioneering	4/17/14	3/20/15	NMSP
30-790-13-01044B Amendment One	The Public Group (Services Contract)	fee based	On-Line Auctioneering	3/21/15	3/20/16	NMSP
20-000-00-00070, Amendment One	Trinity	Fee based	Law Enforcement Academy Food Services	11/1/13	10/31/14	NMSP/TRD
20-000-00-00070, Amendment Two	Trinity	Fee based	Law Enforcement Academy Food Services	11/1/14	10/31/15	NMSP/TRD

State of New Mexico Department of Public Safety

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING 60,000
(EXCLUDING GRT) (UNAUDITED)**

As of June 30, 2015

Contract Number	Procurement Method	Proposals Received From	Preference Choice Used	Description of Services	Awarded To	FY15 Dollar Amt	Effective Date	End Date	Program
15-790-1030-0001	RFP	Atkinson & Co., Ltd	Resident Business Cert	Annual Audit Contract; audit for FY15	Atkinson & Co., Ltd (PSC)	\$84,530	7/1/14	6/30/15	ASD
		Accounting & Consulting Group	Resident Business Cert						
		Axiom	Resident Business Cert						
		Clifton Larson Allen	Resident Business Cert						
		Jaramillo Accounting	Resident Business Cert						
		REDW	Resident Business Cert						
		Ricci	Resident Business Cert						
40-79000-14-01116	Sole Source			NMLETS Maintenance	Computer Projects of IL (IT PSC)	\$220,849.08	7/1/14	6/30/15	IT
14-790-4060-0001	FY13 RFP	Concentra	Resident Business Cert	Medical Exams	Concentra (PSC)	Total for 4 years 800K. FY15 SID 0001 at \$5,260.00, FY15 MTPD 0002 at \$6916.00; FY15 METHLABS 0003 at \$3,394; FY15 NMSP 0004 at \$75,000.	12/19/13	12/18/17	NMSP
40-790-13-01074	Sole Source			Maintenance on MTPD Smart Portals	Intelligent Imaging Systems (IT PSC)	\$92,611.00	9/1/13	8/31/14	MTPD
50-790-14-01121	Sole Source			Maintenance on MTPD Smart Portals	Intelligent Imaging Systems (IT PSC)	\$200,000.00	9/1/14	1/31/15	MTPD
50-790-14-01138	Sole Source			Maintenance on MTPD Smart Portals	Intelligent Imaging Systems (IT PSC)	\$488,999 contract total; FY15 amt is \$203,749.60	2/1/15	1/31/16	MTPD
30-790-13-01046	Sole Source			Design and Installation of multiple new items plus Deployment of the WIM+Lane Control integration	Intelligent Imaging Systems (IT PSC)	\$75,000.00	2/20/13	5/30/15	MTPD
30-790-13-01046, Amendment One	Sole Source			Changed term end date to 5/30/15	Intelligent Imaging Systems (IT PSC)	\$0.00	2/20/13	5/30/15	MTPD

State of New Mexico Department of Public Safety

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING 60,000 – CONTINUED
(EXCLUDING GRT) (UNAUDITED)**

As of June 30, 2015

Contract Number	Procurement Method	Proposals Received From	Preference Choice Used	Description of Services	Awarded To	FY15 Dollar Amt	Effective Date	End Date	Program
30-790-13-01046 Amendment Two	Sole Source			Due date changed on Deliverable 4, Added deliverables 9 and 10	Intelligent Imaging Systems (IT PSC)	\$400,000	8/5/14	5/30/15	MTPD
30-790-13-01046 Amendment Three	Sole Source			Added Deliverables 11 and 12	Intelligent Imaging Systems (IT PSC)	\$400,000	3/4/15	5/30/15	MTPD
14-790-1010-0024	PSC against a Statewide Price Agreement			Functional leadership, application and advisory services pertaining to variety of PeopleSoft Solutions pertaining to DPS Grants and Projects Billing functions	Momentum LLC (IT PSC)	\$75,863.28 for FY15	5/28/14	12/31/14	ASD
50-790-13-01096	Sole Source			AFIS Maintenance	Morphotrak (IT PSC)	\$279,240.54	1/1/15	6/30/15	TSD
40-790-13-01088	Sole Source			Sole Source Maintenance on Biometric Server, RapIT MR1100W, Digi Scan Web Client License Software and FIIS FastID Interface Server	Morphotrak (IT PSC)	\$53,305.73	12/1/13	11/30/14	TSD
30-790-00-01026	FY13 RFP	ProMiles Software Development Corp.	None - Out-of-State	Implementation of Permitting System MTPD	ProMiles Software Development Corp (PSC)	\$1,434,752 total; \$1,149,636.22 in FY15	5/29/14	5/28/18	MTPD
		Bentley Systems	None - Out-of-State						
		Cambridge Systematics Inc	None - Out-of-State						
15-790-0009	RFP	Ron Smith & Associates Inc.	None - Out-of-State	Examination of Latent Finger Print Cases Work for TESD at SF lab	Ron Smith & Associates, Inc. (PSC)	\$70,300 first encumbrance for FY15	2/25/15	2/24/19	TSD
40-790-13-01075	Sole Source			Maintenance Permitting System MTPD (total contract \$327,325.44)	Xerox (IT PSC)	\$272,771.20	9/15/13	8/31/14	MTPD
50-790-14-01123	Sole Source			Maintenance Permitting System MTPD	Xerox (IT PSC)	\$140,477.15	11/1/14	3/31/15	MTPD

State of New Mexico
Department of Public Safety

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participation Expenditures
Direct Assistance Programs:		
U.S. Department of Agriculture Rural Business - Cooperative Service: Rural Business Enterprise Grants	10.769	\$ <u>53,717</u>
Total U.S. Department of Agriculture Rural Business		53,717
U.S. Department of the Interior Bureau of Land Management: Recreation Resource Management	15.225	<u>5,639</u>
Total U.S. Department of the Interior Bureau of Land Management		5,639
U.S. Department of Justice Federal Bureau of Investigation: Law Enforcement Assistance - FBI Crime Laboratory Support	16.301	<u>4,246</u>
Total U.S. Department of Justice Federal Bureau of Investigation		4,246
U.S. Department of Justice Bureau of Justice Assistance: Residential Substance Abuse Treatment of State Prisoners	16.593	107,073
Project Safe Neighborhoods	16.609	123,939
PREA Program: Demonstration Projects to Establish "Zero Tolerance" Cultures of Sexual Assault in Correctional Facilities	16.735	106,301
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,577,901
Post conviction Testing of DNA Evidence to Exonerate the Innocent	16.820	<u>94,120</u>
Total U.S. Department of Justice Bureau of Justice Assistance		2,009,334
U.S. Department of Justice Office of Community Oriented Policing Services: Public Safety Partnership and Community Policing Grants	16.710	<u>1,070</u>
Total U.S. Department of Justice Office of Community Oriented Policing Services		1,070
U.S. Department of Justice National Institute of Justice: DNA Backlog Reduction Program	16.741	765,224
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	<u>48,974</u>
Total U.S. Department of Justice National Institute of Justice		814,198
U.S. Dept. of Office of Sex Offenders Sentencing, Monitoring, Apprehending, Registering, and Support for Adam Walsh Act Implementation Grant Program	16.750	<u>123,389</u>
Total U.S. Dept. of Office of Sex Offenders Sentencing, Monitoring, Apprehending, Registering, and Tracking		123,389
U.S. Department of Justice Criminal Division: Equitable Sharing Program	16.922	<u>7,246</u>
Total U.S. Department of justice Criminal Division		7,246

State of New Mexico
Department of Public Safety

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

For the Year Ended June 30, 2015

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participation Expenditures
U.S. Department of Transportation:		
Federal Highway Administration (FHWA)		
FHWA - Highway Planning and Construction	20.205	<u>247,704</u>
Total Federal Highway Administration (FHWA)		247,704
Federal Motor Carrier Safety Administration (FMCSA)		
FMCSA - National Motor Carrier Safety	20.218	1,996,758
FMCSA - Border Enforcement Grants	20.233	632,627
FMCSA - Commercial Vehicle Information Systems and Networks	20.237	<u>1,225,428</u>
Total Federal Motor Carrier Safety Administration (FMCSA)		3,854,813
National Highway Traffic Safety Administration (NHTSA)		
Highway Safety Cluster		
State and Community Highway Safety	20.600	9,993
National Priority Safety Programs	20.616	<u>238,615</u>
Total Highway Safety Cluster		248,608
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	<u>778,036</u>
Total U.S. Department of Transportation (FHWA), (FMCSA), and (NHTSA):		5,129,161
U.S. Department of Energy:		
Transport of Transuranic Wastes to the Waste Isolation Pilot Plant States and Tribal Concerns, Proposed Solutions	81.106	<u>308,361</u>
Total U.S. Department of Energy		308,361
U.S. Department of Health and Human Services:		
Administration for Children and Families		
Child Support Enforcement	93.563	<u>90,480</u>
Total U.S. Department of Health and Human Services:		90,480
Executive Office of the President:		
High Intensity Drug Trafficking Areas Program	95.001	<u>589,462</u>
Total Executive Office of the President		589,462
U.S. Department of Homeland Security:		
Disasters Grants - Public Assistance (Presidentially Declared Disasters)	97.036	10,454
Emergency Management Performance Grants	97.042	12,227
Homeland Security Grant Program	97.067	<u>780,026</u>
Total U.S. Department of Homeland Security:		<u>802,707</u>
Total Federal Financial Assistance		<u><u>\$ 9,939,010</u></u>

State of New Mexico
Department of Public Safety

RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Agency/ Pass-Through Agency	Federal Participation Expenditures
<u>Reconciliation of Federal Awards</u>	
Statement of Revenues, Expenditures and Changes in Fund Balances	
U.S. Department of Agriculture Rural Business - Cooperative Service: Amounts Unavailable (Deferred Inflows) - FY 15	\$ 52,502 <u>1,215</u>
Total U.S. Department of Agriculture Rural Business	53,717
U.S. Department of the Interior Bureau of Land Management: Amounts Unavailable (Deferred Inflows) - FY 15	- <u>5,639</u>
Total U.S. Department of the Interior Bureau of Land Management	5,639
U.S. Department of Justice Federal Bureau of Investigation: Amounts Unavailable (Deferred Inflows) - FY 15	4,246 <u>-</u>
Total U.S. Department of Justice Federal Bureau of Investigation	4,246
U.S. Department of Justice Bureau of Justice Assistance: Amounts Unavailable (Deferred Inflows) - FY 15	1,810,051 <u>200,174</u>
Total U.S. Department of Justice Bureau of Justice Assistance	2,010,225
U.S. Department of Justice Office of Community Oriented Policing Services: Amounts Unavailable (Deferred Inflows) - FY 15	1,070 <u>-</u>
Total U.S. Department of Justice Office of Community Oriented Policing Services	1,070
U.S. Department of Justice National Institute of Justice: Amounts Unavailable (Deferred Inflows) - FY 15	778,159 <u>40,808</u>
Total U.S. Department of Justice National Institute of Justice	818,967
U.S. Dept. of Office of Sex Offenders Sentencing, Monitoring, Apprehending, Registering, and Tracking: Amounts Unavailable (Deferred Inflows) - FY 15	114,208 <u>14,566</u>
Total U.S. Dept. of Office of Sex Offenders Sentencing, Monitoring, Apprehending, Registering, and Tracking	128,774
U.S. Department of Justice Criminal Division: Amounts Unavailable (Deferred Inflows) - FY 15	7,246 <u>-</u>
Total U.S. Department of justice Criminal Division	7,246

State of New Mexico
Department of Public Safety

RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

For the Year Ended June 30, 2015

Federal Agency/ Pass-Through Agency	Federal Participation Expenditures
U.S. Department of Transportation:	
Federal Highway Administration (FHWA)	247,704
Amounts Unavailable (Deferred Inflows) - FY 15	-
Total Federal Highway Administration (FHWA)	247,704
Federal Motor Carrier Safety Administration (FMCSA)	3,302,894
Amounts Unavailable (Deferred Inflows) - FY 15	533,938
Total Federal Motor Carrier Safety Administration (FMCSA)	3,836,832
National Highway Traffic Safety Administration (NHTSA)	1,025,084
Amounts Unavailable (Deferred Inflows) - FY 15	1,559
Total Highway Safety Cluster	1,026,643
Total U.S. Department of Transportation (FHWA), (FMCSA), and (NHTSA):	5,111,179
U.S. Department of Energy:	308,361
Amounts Unavailable (Deferred Inflows) - FY 15	-
Total U.S. Department of Energy	308,361
U.S. Department of Health and Human Services:	90,480
Amounts Unavailable (Deferred Inflows) - FY 15	-
Total U.S. Department of Health and Human Services:	90,480
Executive Office of the President:	589,401
Amounts Unavailable (Deferred Inflows) - FY 15	-
Total Executive Office of the President	589,401
U.S. Department of Homeland Security:	714,357
Amounts Unavailable (Deferred Inflows) - FY 15	88,350
Total U.S. Department of Homeland Security:	802,707
Other Adjustment	6,998
Supplemental Schedule of Expenditures of Federal Awards	\$ 9,939,010

State of New Mexico
Department of Public Safety

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

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
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	National Highway Traffic Safety	20.608	\$ 17,946
DNA Backlog Reduction Program	US Department of Justice	16.741	507,079
Paul Coverdell Forensic Sciences Improvement Grant Program	US Department of Justice	16.742	21,496
Project Safe Neighborhoods	US Department of Justice	16.609	34,299
PREA Program: Zero Tolerance Cultures	US Department of Justice	16.735	69,422
Edward Byrne Memorial JAG	US Department of Justice	16.738	524,021
Post Conviction Testing of DNA Evidence to Exonerate the Innocent	US Department of Justice	16.820	67,577
			<u>\$ 1,241,840</u>

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

Mr. Scott Weaver, Cabinet Secretary
State of New Mexico
Department of Public Safety
and
Mr. Timothy Keller
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, the fiduciary fund, the budgetary comparison 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, 2015, 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 and respective budgetary comparisons, presented as supplementary information, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents, and have issued our report thereon dated April 15, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, and can be referenced as 2015-001, 2015-002 and 2015-003.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-005 and 2015-007 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002.

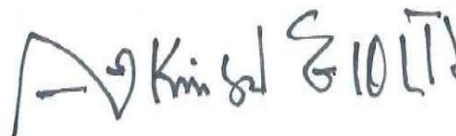
Items of other noncompliance required to be reported by 12-6-5 NMSA 1978 in the schedule of findings and questioned costs include items 2015-004 and 2015-006.

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.", is written over a faint, stylized logo or watermark.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
April 19, 2016

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

Mr. Scott Weaver, Secretary
State of New Mexico
Department of Public Safety
and
Mr. Timothy Keller
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 U.S. Office of Management and Budget (OMB) *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, 2015. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Department's major federal programs based on our audit 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.

Basis for Qualified Opinion on Major Federal Program Tested

As described in the accompanying schedule of findings and questioned costs, the Department did not comply with requirements regarding cost allowability, cash management, and reporting for its Federal programs as described in Finding 2015-001, 2015-002 and 2015-007. Compliance with such requirements is necessary, in our opinion, for the Department to comply with the requirements applicable to that program.

Qualified Opinion of Major Federal Program

In our opinion, the Department did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs and can be referenced as item 2015-005.

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.

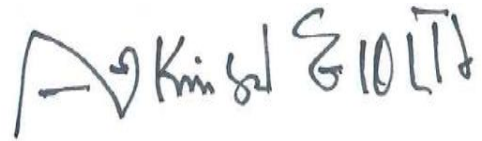
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We identified deficiencies in internal control over compliance that we consider to be material weaknesses and can be referenced as 2015-001 and 2015-002.

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 identified a deficiency in internal control that we consider to be a significant deficiency and can be referenced as item 2015-005 and 2015-007.

The Department's responses to the compliance findings and internal control over compliance finding 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 compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over 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
April 19, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes
- Significant deficiencies identified? Yes

Type of auditors’ report issued on compliance for major programs? Qualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes

Identification of major programs:

Justice Assistance Grant	16.738	
DNA Backlog Reduction	16.741	
Motor Carrier Safety	20.218	
Commercial Vehicle Information System	20.237	
TSB Cluster DOT	20.608, 20.600 and 20.616	

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

Auditee qualified as a low-risk auditee? No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year Ended June 30, 2015

II - STATUS OF PRIOR AUDIT FINDINGS

Financial Statement Findings

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

Findings In Accordance With 2.2.2 NMAC

None

Federal Award Findings

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

III – FINANCIAL STATEMENT FINDINGS

Finding 2015-001 Expenditure Allocation Controls (Material Weakness)
CFDA Nos. All CFDA Nos.

Finding 2015-002 Unbilled And Billed Federal Accounts Receivable Amounts
(Material Weakness)
CFDA Nos. All CFDA Nos.

Finding 2015-003 Late Audit Completion (Material Weakness)

Finding 2015-005 Adjusting Journal Entries Approvals (Significant Deficiency)
CFDA Nos. All CFDA Nos.

IV – FINDINGS IN ACCORDANCE WITH 2.2.2 NMAC

Finding 2015-004 Procurement Violation (Other Noncompliance)

Finding 2015-006 Budgetary Noncompliance (Other Noncompliance)

State of New Mexico
Department of Public Safety

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year Ended June 30, 2015

V – FEDERAL AWARD FINDINGS

Finding 2015-001	Expenditure Allocation Controls (Material Weakness) CFDA Nos. All CFDA Nos.
Finding 2015-002	Unbilled And Billed Federal Accounts Receivable Amounts (Material Weakness) CFDA Nos. All CFDA Nos.
Finding 2015-005	Adjusting Journal Entries Approvals (Significant Deficiency) CFDA Nos. All CFDA Nos.
Finding 2015-007	Reporting Noncompliance (Other Noncompliance) CFDA No. 16.741 DNA CFDA No. 20.218 MSCAP All Other CFDA Nos.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

**FINDING 2015-001 EXPENDITURE ALLOCATION CONTROLS (Material Weakness)
CFDA Nos. All CFDA Nos.**

CONDITION

During the initial fieldwork on the audit, the Department discovered that certain program, accounting and expenditure controls were not operating effectively in relation to accounting for federal funding during fiscal year 2015. In response, a complete review and analysis of program expenditures was undertaken and necessary corrections were recorded. Corrections resulted in a revised trial balance and a revised schedule of expenditures of federal awards compared to those available at the beginning of audit fieldwork. The Department also accrued approximately \$59,000 of payables to the federal government. The review and analysis of program expenditures delayed the completion of the audit until after the statutory deadline. The program and expenditure control departures are summarized as follows:

1. Expenditures coded to programs exceeded budgetary limits in some cases requiring adjustment.
2. Expenditures were miscoded to the wrong federal program or were identified as federal funds in error.
3. Receipts of federal awards were applied to accounts receivable or to unbilled accounts receivable inconsistently.
4. Manual billing was utilized rather than completion of the billing cycle through the system
5. Oversight controls did not identify noncompliance for an extended period.

CRITERIA

Circular A-133 and other federal funding circulars require that federal funds recipients design and maintain internal controls over federal awards that provide reasonable assurance that all grant compliance requirements will be met and that permits accurate financial statements and reports to be prepared.

CAUSE

Lack of familiarity of federal requirements by program staff resulted in miscoding of expenditures and use of inconsistent procedures for federal programs. Program staff were significantly changed from the prior year due to turnover. The Department's CFO resigned before the start of the main audit. Additionally, not all positions were filled during the year. All personnel changes resulted in the loss of institutional knowledge and capability.

QUESTIONED COSTS

Approximately \$59,000 as determined by the Department through comprehensive review and analysis in response to identified errors

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

**FINDING 2015-001 EXPENDITURE ALLOCATION CONTROLS (Material Weakness) –
CFDA Nos. All CFDA Nos. – Continued**

EFFECT

Review and analysis of federal awards was required when errors in recording federal funds were discovered. Amounts were overdrawn on federal awards. The financial statement audit of the Department was completed after the statutory deadline. Necessary information for stakeholders of the Department was not available on a timely basis.

RECOMMENDATION

Personnel resource needs should be identified, training provided and compliance objectives given to appropriate staffing for federal funds functions. Monitoring of the effectiveness controls over accuracy of federal funds allocations should be emphasized on a periodic basis to identify nonfunctioning processes and controls on a timely basis and to provide necessary supervision. Reconciliation of federal expenditures to the complete financial statement account balances should occur on a periodic basis.

VIEWS OF RESPONSIBLE OFFICIALS

Management is in agreement with the finding. The Department is critically understaffed in the Finance Bureau, both in the number and classification level of positions. Exacerbating this issue, in the past two years the three areas involved in financial and grant and project management activities have experienced a 36% turnover and a 26% average vacancy per year. The CFO, tasked with the most direct technical activities and knowledge required to manage financials and projects, turned over twice within this two year period. The extreme turnover resulted in the loss of critical and highly specialized agency and technical knowledge.

As management worked through the FY2015 audit, it analyzed the causes and solutions required to improve the financial management of federal grants. The cause of the control departures included the full process of allocation of expenditures to grants, from the input of payroll expenditures at the employee level to the sheer volume of expenditures (hours) to be evaluated with limited grant program and financial staff.

To provide more depth of expertise and improve financial controls, the department is proposing to restructure the Finance Bureau to create a new accounting and internal audit section that will be staffed with professional level, experienced accountants. The section will be responsible for the regular reconciliation of federal (and state) expenditures, billing of federal and state grants and projects and audit of federal funding compliance. This will provide the department with the checks and balances and stewardship required by both federal and state regulations. Management is proposing establishment of the new Section by the end of FY2016. In addition, staff will be provided additional training and updated policies and procedures will be put in over the course of FY2017 to ensure appropriate internal controls are in place over federal awards (responsible position: Chief Financial Officer).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

**FINDING 2015-002 UNBILLED AND BILLED FEDERAL ACCOUNTS RECEIVABLE
AMOUNTS (Material Weakness)
CFDA Nos. All CFDA Nos.**

CONDITION

Client adjustments were recorded to the unbilled and billed accounts receivable accounts to reduce the overstatement of accounts receivable balances. The period of availability had passed for certain grant balances resulting in a loss of grants revenue. Certain receivable amounts from other sources and identified grants balances from prior years were deemed not collectible and were adjusted as part of the audit. Significant current year corrections were needed to fully reflect accurate balances for unbilled and billed accounts receivable.

CRITERIA

Accounts receivable should be reported at net realizable value per generally accepted accounting principles. Unbilled grants amounts should be timely billed to maximize grants revenue. Monitoring controls including interim reviews should be in place for the grants administration and billing process. Year end closings each year should provide for correct balances in all material accounts.

CAUSE

Significant turnover in accounting and grants management positions took place reducing institutional knowledge and capability. Inconsistency in recording grants receipts against outstanding accounts receivable and or unbilled receivable balances occurred. Manual billing was used for a significant portion of grants billed rather than system billing. Certain compensatory accounting entries needed to bill grants in a subsequent month after the prime billing period did not occur. Year end reconciliations of accounts receivable in prior years did not fully consider the collectability of certain balances.

QUESTIONED COSTS

None.

EFFECTS

Adjusting entries were needed to correct the billed and unbilled accounts receivable balances and the beginning fund balance. Delays in completion of the fiscal 2015 audit occurred. Accurate financial information for these balances and for federal funding operations was not available on a timely basis.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

**FINDING 2015-002 UNBILLED AND BILLED FEDERAL ACCOUNT RECEIVABLE
AMOUNTS (Material Weakness)
CFDA Nos. All CFDA Nos. – Continued**

RECOMMENDATION

We recommend that a priority be set for acquiring staff to fill all available open accounting and grants management positions and that the requisite skill, knowledge and experience be required for these positions. Training should be provided to current staff and compliance objectives for grants management and federal funds administration be provided and monitored. Billing calendars should be implemented to assist in timely billing of grants.

VIEWS OF RESPONSIBLE OFFICIALS

In 2007, the State of New Mexico changed over to a new financial system. The new financial system came with optional grant and project modules. In July 2013 the Department implemented full utilization of these modules to improve the billing for the average 250 grants and projects managed per fiscal year. These modules are very complex and have criteria that must be followed to ensure that every process going forward will record and process as the business process requires. The turnover and lack of staff contributed to a general lack of understanding of the configuration, contributing to the majority of the errors.

To provide more depth of expertise and improve financial controls, the department is proposing to restructure the Finance Bureau to create a new accounting and internal audit section that will be staffed with professional level, experienced accountants. The section will be responsible for the regular reconciliation of federal (and state) expenditures, billing of federal state grants and projects and audit of federal funding compliance. This will provide the department with the checks and balances and stewardship required by both federal and state regulations. Management is proposing establishment of the new Section by the end of FY2016. In addition, staff will be provided additional training, and updated policies and procedures designed to ensure compliance with the State's Model of Accounting Practices and the new 2 Code of Federal Regulations Part 200 will be put in place over the course of FY2017 to ensure appropriate internal controls are in place over federal awards (responsible position: Chief Financial Officer).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

FINDING 2015-003 LATE AUDIT COMPLETION (Material Weakness)

CONDITION

The Department's financial statement audit was completed after the statutory deadline. It was submitted to the Office of the State Auditor on April 21, 2016.

CRITERIA

State law requires that state agencies and departments complete their audits within 60 days after their books are ready for audit but in no event later than December 1, 2015 for fiscal year 2015 audits. The state Comprehensive Annual Financial Report was due on February 15, 2016.

CAUSE

The Department's CFO resigned in September 2015 just before the start of main fieldwork for the fiscal year 2015 audit. Various program manager positions had turned over during the year and other open accounting positions had not been filled prior to year end as well. Some filled positions were staffed with inexperienced individuals. Errors were made in financial reports and schedules provided for audit requiring extended review and analysis. There were significant delays in acquiring certain additional staffing needed to fully complete audit requirements. New staff had to climb the learning curve adding additional delays to audit completion. A large amount of institutional knowledge and capability was lost during the year.

EFFECT

The Department's trial balance was not ready for audit in all respects at the start of the original audit fieldwork. The audit was completed well after the statutory deadline. Financial statements and year end information was not available to Department stakeholders on a timely basis. The filing of the State's comprehensive annual financial report to external parties was affected by the late audit completion.

RECOMMENDATION

We recommend that a priority be set for acquiring staff to fill all available open accounting and grants management positions and that the requisite skill, knowledge and experience be required for these positions. Training should be provided to current staff and compliance objectives for grants management and federal funds administration be provided and monitored. Policies and procedures over closings of the Department's books should be reviewed to provide for timely completion of monthly and year end closings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

FINDING 2015-003 LATE AUDIT COMPLETION (Material Weakness) – Continued

VIEWS OF RESPONSIBLE OFFICIALS

Management is in agreement with the finding. The Department is critically understaffed in the Finance Bureau, both in the number and classification level of positions. Exacerbating this issue, in the past two years the three bureaus involved in financial and grant and project management activities have experienced a 36% turnover and a 26% average vacancy per year. The CFO, tasked with the most direct technical activities and knowledge required to manage financials and projects, turned over twice within this two year period. The extreme turnover resulted in the loss of critical and highly specialized agency and technical knowledge.

To provide more depth of expertise and improve financial controls, the department is proposing to restructure the Finance Bureau to create a new accounting and internal audit section that will be staffed with professional level, experienced accountants. The section will be responsible for the regular reconciliation of federal (and state) expenditures, billing of federal and state grants and projects and audit of federal funding compliance. Management is proposing establishment of the new Section by the end of FY2016. In addition, staff will be provided additional training, and updated policies and procedures designed to ensure compliance with the State's Model of Accounting Practices and the new 2 Code of Federal Regulations Part 200 will be put in place over the course of FY2017 to ensure appropriate internal controls are in place over federal awards (responsible position: Chief Financial Officer).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

FINDING 2015-004 PROCUREMENT VIOLATION (Other Noncompliance)

CONDITION

The Department procured approximately \$279,000 of Information Technology equipment and IT services from a certain vendor without a contract or purchase order in place. The previously existing contract with the vendor expired and was not renewed on a timely basis. No payments had been made during the period the contract was expired. The violation was discovered and it was self reported to SPD and DFA .Those agencies required remedial actions that are standard for all procurement actions/violations greater than \$100,000. Additionally, the Department was without a Certified Procurement Officer (CPO) during fiscal year 2015.

CRITERIA

Per 6-5-3 NMSA 1978 the state procurement code requires approved purchased orders and contracts to be in place before doing business with external parties under a contract.

CAUSE

Per a report prepared by an external professional accounting firm, specific procurement staff most familiar with the vendor and contract was on leave and there was an absence of overall monitoring by other individuals to ensure completion of required renewal procedures. The contract in question was in relation to police identification hardware and software considered essential to the conduct of police operations and to the safety of officers.

EFFECT

The protections afforded by the approval process contained in the procurement code over the acquisition of goods and services were not in place during the time of contract expiration for this particular vendor. Inappropriate or wasteful procurements could have occurred after the period of contract expiration.

RECOMMENDATION

We noted that the Department fulfilled the required six actions set forth by SPD and DFA given in response to the reporting of the procurement violation. We further recommend that a contract calendar be implemented with lead time and assignments integrated to assist with the timely renewal of contracts. The Department currently has a CPO assigned and in place.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

FINDING 2015-004 PROCUREMENT VIOLATION (Other Noncompliance) – Continued

VIEWS OF RESPONSIBLE OFFICIALS

The Department agrees with the finding. However, the maintenance services provided in this situation were essential to the operations of the Department's services and the law enforcement community in New Mexico. This was a sole-source contract, as no other company can provide maintenance on this system. The Department knew the contract needed to be renewed and had started the process in a timely manner in order to not have an interruption in service to the 245 law enforcement agencies that rely on this system every hour of every day. Not continuing the maintenance service was simply not an option. Unfortunately, there were extensive negotiations between all parties that led to a protracted time period required to get the contract in place, which led to the violation.

The Department is in the process of providing access to an internal contractual information database for end users for continual access to detailed information including contractual expiration dates to assist in ensuring renewals are processed with sufficient time to complete the contractual process prior to the end of the contract. The Department has provided training in the areas of Procurement, Budget, Finance and Grants Management for an overall understanding of the financial and procurement processes. Estimated completion of the contracts database for end-users is the end of FY2016. (Responsible party: Chief Procurement Officer.)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

**FINDING 2015-005 ADJUSTING JOURNAL ENTRIES APPROVALS
(Significant Deficiency)
CFDA Nos. All CFDA Nos.**

CONDITION

Certain adjusting journal entries recorded for year-end closing were prepared by the CFO and were not approved by an appropriate oversight individual. Adjusting journal entries made by Department staff members were properly approved by the CFO after she began her term of employment. Other journal entries made by the CFO in areas familiar to an outside contractor assisting in year-end closing were reviewed and approved by the outside contractor. This review and approval by the contractor is considered an effective oversight control for the fiscal 2015 audit but the contractor will not be in place on a permanent basis going forward.

CRITERIA

Per the COSO internal control framework and good accounting practice, it is a standard principle that one individual alone should not be able to adjust the books and records of the Department through the recording of adjusting journal entries without the approval of an individual who is able to provide effective oversight

CAUSE

The Department was without a CFO for a period of time and the audit process for the Department was extended. This required the new CFO to record many original entries to correct the Department's accounts for audit and the outside contractor working with the Department was not available for a review and approval of such entries in all instances.

QUESTIONED COSTS

None.

EFFECT

Many necessary adjustments were made to the Department's books and records that were not contemporaneously reviewed by an individual able to provide effective oversight to adjustments in the Department's financial records. On an ongoing basis, it is not clear who will approve original entries made by the CFO.

RECOMMENDATION

To the greatest extent possible, original entries should be recorded by an appropriate knowledgeable staff member for the area of transactions and then approved by the related supervisor. For original entries made by the CFO including closing entries, the Department should determine its approval process and document such approvals on a go forward basis.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

**FINDING 2015-005 ADJUSTING JOURNAL ENTRIES APPROVALS
(Significant Deficiency) – Continued**

VIEWS OF RESPONSIBLE OFFICIALS

Management is in agreement with the finding. This finding was contributed to by the lack of professional level accounting staff due to extended leave and an overall understaffing of the Finance Bureau. Management has addressed this finding through the provision of training to a current staff member. Long term, to provide more depth of expertise and improved financial controls, the Department is proposing to restructure the Finance Bureau to create a new accounting and internal audit section that will be staffed with professional level, experienced accountants. The accounting section will have a manager with experience as an internal auditor, two accountants (one for the federal funded programs and one for state funded) two accountant/auditors, and a billing specialist. This will ensure a cadre of knowledgeable staff are available to provide effective oversight of adjustments in the financial records. (Responsible position: Chief Financial Officer).

These actions will change the role the CFO to an oversight capacity to ensure that the department has effective oversight if the financial reporting process.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

FINDING 2015-006 BUDGETARY NONCOMPLIANCE (Other Noncompliance)

CONDITION

The Department exceeded its budget for Other Expenditures in fund 128P781 by \$530,359.

CRITERIA

Per Article 3 NMSA 1978, a governmental entity shall not exceed its lawful budget at the level of budgetary control. The level of budgetary control for the Department is at the appropriation program level. Per GASB 2300.106(H) the Department shall disclose its violations of finance compliance type items.

CAUSE

The respective budget amount was inadvertently exceeded through lack of monitoring.

EFFECT

The Department was in noncompliance with statutory requirements. The expenditure of funds in excess of budget may impact resources from the general fund or affect budgetary planning for the next year.

RECOMMENDATION

We recommend that the Department reemphasize its current policies and procedures with budget staff and those in a position to monitor budget results.

VIEWS OF RESPONSIBLE OFFICIALS

Management is in agreement with the finding that budget authority was exceeded by budget category (not in excess of total budget). The cause of the problem was the initial misclassification of expense as contractual rather than a fixed asset that was not caught until after FY2015 was closed. The Department is taking steps to restructure current staff to create a new accounting and internal audit section within the Finance Bureau by the end of FY2016. The accounting section will review all the funds and accounts on a monthly and timely basis to ensure that the activity transactions are correct. This will provide the Budget Bureau with accurate financial information to determine category budget availability in a timely manner and prepare budget adjustment requests if necessary. In the meantime, the Department has contracted with an external accounting firm to review contractual and fixed asset expenditures to ensure they are properly recorded prior to the end of FY2016 (responsible position: Administrative Services Deputy Director).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

FINDING 2015-007 REPORTING NONCOMPLIANCE (Significant Deficiency)
CFDA No. 16.741 DNA
CFDA No. 20.218 MCSAP
All Other CFDA Nos.

CONDITION

In 1 out of 4 reports tested for the DNA program, the biannual progress SF -270 report was remitted later than the 30 day due date.

In 1 out of 6 reports tested for MCSAP, two quarterly drawdown reports were filed at one time in order to catch up to reporting requirements which were in arrears.

Based on identified errors occurring in federal funds administration as reported in Finding 2015-001, filed reports may have contained erroneous information in some cases. Extensive corrective analysis was taken by the Department and approximately \$59,000 is shown owing at June 30, 2015, to the federal government.

CRITERIA

The SF 270 is due within 30 days after the end of the biannual period. The quarterly drawdown report is due within 30 days of quarter end.

CAUSE

The Department inadvertently sent in the reports after the due dates. Please reference Findings 2015-001 and 2015-002 for causes of reporting errors.

QUESTIONED COSTS

Questioned costs were identified in Finding 2015-001 totaling approximately \$59,000 for all programs.

EFFECT

The Department is in noncompliance for its DNA federal program and MCSAP program for reporting. Sufficient instances of noncompliance may influence federal oversight personnel in relation to their opinion about the Department's compliance record.

RECOMMENDATION

We recommend that the matter be reemphasized with all federal grant management personnel in position to file or review such reports for federal programs.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

Year ended June 30, 2015

FINDING 2015-007 REPORTING NONCOMPLIANCE (Other Noncompliance) – Continued
CFDA No. 16.741 DNA
CFDA No. 20.218 MCSAP
All Other CFDA Nos.

VIEWS OF RESPONSIBLE OFFICIALS

During the fiscal year the Grants Management Section was notified by the federal partners of the late reporting. Management analyzed the source of the reporting deficiency and immediately developed an internal measure to assist the staff members in meeting deadlines and submitting reports in a timely manner.

Additionally, management developed a new procedure within the Grants Management Section, trained staff on the new process and had staff sign an acknowledgement form supporting the understanding of and adherence to the new protocol.

State of New Mexico
Department of Public Safety

EXIT CONFERENCE

Year ended June 30, 2015

The financial statements were prepared by the Department with assistance from the external audit firm. 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 April 14, 2016, at the Department's offices in Santa Fe, New Mexico. In attendance were:

Representing the Department of Public Safety:

Scott Weaver	Cabinet Secretary
David Martinez	Deputy Chief, NMSP
Amy Orlando	Deputy Secretary
Dianna DeJarnette	Acting ASD Director
Bridgette Long	Finance Director, CFO
Pete Kassetas	Chief, NMSP
Jimmy Glascock	Deputy Chief, NMSP
Sylvia Serna	CEMBBC
Me Lee	Chief Information Officer/TSD Director
Vicki Bowser	Human Resources Director
Louise Riebe	Senior Financial Analyst
H. L. Lovato	Office of Secretary - Publications
Brian Coss	Deputy Director / LEA

Representing Atkinson & Co., Ltd.:

Marty Mathisen, CPA, CGFM	Audit Director
Clarke Cagle, CPA, CCIFP, CGFM	Audit Director
Mike Reeves, CPA	Senior Manager
Adam Squire	Audit Staff

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