

NOTE 5: CAPITAL ASSETS

The changes in capital assets for the year are as follows:

	Beginning Balance 07/01/08	Additions	Deletions	Ending Balance 06/30/09
Governmental-type Activities:				
Buildings and Improvements	\$ 40,815,016	\$ 2,371,806	\$ -	\$ 43,186,822
Improvements other than Buildings	1,477,246	1,581,981	-	3,059,227
Machinery and Equipment	19,157,296	2,540,355	(1,022,691)	20,674,960
Automotive	2,922,403	117,213	(82,698)	2,956,918
Total Capital Assets at Historical Cost	64,371,961	6,611,355	(1,105,389)	69,877,927
Less: Accumulated Depreciation				
Buildings and Improvements	12,285,879	1,701,535	-	13,987,414
Improvements other than Buildings	347,056	82,522	-	429,578
Machinery and Equipment	12,637,227	1,150,868	(993,260)	12,794,835
Automotive	2,478,271	117,962	(82,698)	2,513,535
Total Accumulated Depreciation	27,748,433	3,052,887	(1,075,958)	29,725,362
Governmental Activities Capital Assets, Net	<u>\$ 36,623,528</u>	<u>\$ 3,558,468</u>	<u>\$ (29,431)</u>	<u>\$ 40,152,565</u>
Business-type Activities:				
Buildings and Improvements	\$ 630,488	\$ -	\$ -	\$ 630,488
Machinery and Equipment	1,994,011	14,411	-	2,008,422
Automotive	639,612	-	-	639,612
Total Capital Assets at Historical Cost	3,264,111	14,411	-	3,278,522
Less: Accumulated Depreciation				
Machinery and Equipment	1,808,499	28,441	-	1,836,940
Buildings and Improvements	420,017	27,328	-	447,345
Automotive	571,518	46,154	-	617,672
Total Accumulated Depreciation	2,800,034	101,923	-	2,901,957
Enterprise Fund Capital Assets, Net	<u>\$ 464,077</u>	<u>\$ (87,512)</u>	<u>\$ -</u>	<u>\$ 376,565</u>

All Capital Assets listed above are being depreciated. The Corrections Department does not have any Capital Assets that are not being depreciated, such as land.

Depreciation expense for the current year is \$3,052,887 and \$101,923 for the governmental and enterprise funds, respectively. On the Statement of Activities, these amounts are included in the Public Safety-Corrections and Corrections Industries categories, accordingly.

NOTE 6: RETIREMENT PLANS (STATE PERA & ERA)

PERA Plan Description

Substantially all of the Corrections 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, 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. A copy of that report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico, 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

PERA plan members are required to contribute 7.42% of their gross salary for non-custody employees and 4.78% of their gross salary for custody employees. The Corrections Department is required to contribute 16.59% of the gross salary for non-custody employees and 25.72% of the gross salary for custody employees. From the 2009 Legislative Session House Bill 854 temporarily shifts the burden of 1.5% of employer PERA contributions to state employees whose annual salaries exceed \$20,000. For the two-year period from July 1, 2009 to June 30, 2011, the employer contribution rates will be reduced by 1.5% and the employee contribution rates will be increased by 1.5%. After this temporary shift the burden will return to the employer. The contribution requirements of plan members and the Corrections Department is established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Corrections Department contributions to PERA for the years ending June 30, 2009, 2008, and 2007, were \$12,939,037, \$8,353,900, and \$13,811,420 respectively, which equal the amount of the required contributions for each year.

ERA Plan Description

Some of the Corrections Department full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information. A copy of that report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico, 87502. The report is also available on ERB's website at www.nmerb.org.

ERA Funding Policy

ERA plan members are required to contribute 7.42% of their gross salary. The Corrections Department is required to contribute 10.9% of the gross covered salary. The contribution requirements of plan members and the Corrections Department are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Corrections Department's contributions to ERB for the years ending June 30, 2009, 2008, and 2007, were \$339,197, \$829,632, and \$442,071, respectively, equal to the amount of the required contributions for each year. Beginning July 1, 2005, the employee contributions will increase annually until July 1, 2008 when the employee contributions will cap at 7.9% of the employee's salary. Also, beginning July 1, 2005 the employer contributions will increase annually by 0.75% until July 1, 2011 when the employer contributions will cap at 13.9% of the employee's salary.

NOTE 7: RETIREE HEALTH CARE

The State of New Mexico is an employer who participates in a cost sharing multiple-employer plan for post-employment benefits other than pensions (OPEB). The New Mexico Retiree Health Care Authority (NMRHCA) is the administrator of the plan.

RHC Plan Description

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

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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

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

The Corrections Department contributions to the RHCA for the years ended June 30, 2009, 2008, and 2007 were \$1,772,339, \$1,702,769, and \$1,489,183, respectively, which equal the required contributions for each year.

NOTE 8: FUNDS HELD IN TRUST BY OTHERS

The Department, through the Penitentiary of New Mexico (PNM), is an income beneficiary of a portion of the State Permanent Fund derived from trust lands assigned to PNM by the Fergusson Act of 1898 and the New Mexico Enabling Act of 1910. These Acts together transferred surface acres and mineral acres of Federal Land to the Territory of New Mexico. The grants stipulate that such lands are to be held in trust for the benefit of specifically identified state institutions.

The Department is also an income beneficiary of a portion of the State Charitable, Penal and Reformatory Institutions Permanent Fund derived from trust lands assigned to PNM by the Fergusson Act of 1898 and the New Mexico Enabling Act of 1910.

Responsibility for the investment of the State Permanent Fund resides with the State Investment Officer. Because the Department does not control the funds, they are not reflected in the accompanying financial statements. Income from the trust is required to be used for the care and custody of adult offenders and is recognized in the general fund as a component of other state fund revenues.

At June 30, 2009 the value of the Department's interest in the State Permanent Fund was \$159,374,552 at market. Income from the trust for the year then ended was \$10,438,513.

The value of the Department's interest in the State Charitable, Penal and Reformatory Institutions Fund was 1/7th of the fair market value, which was \$72,378,590 at June 30, 2009. Income from the trust for the year then ended was \$683,330.

NOTE 9: OPERATING LEASE COMMITMENTS

The Department is obligated for office space lease agreements for Probation and Parole Division field offices, copier and mailing equipment leases Department wide, and GSD Motor Transportation Pool vehicle leases Department wide, all being accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations; therefore, the results of these lease agreements are not reflected in the Department's account groups.

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

Year Ended June 30,	
2010	\$ 4,012,210
2011	3,692,318
2012	3,516,179
2013	3,136,282
2014	2,964,472
Thereafter	<u>4,657,874</u>
Total Minimum Lease Payments	<u>\$ 21,979,335</u>

During the year ended June 30, 2009, general fund operating lease expenditures for facilities, vehicles, and equipment totaled \$4,702,411.

Beginning on October 1, 2001 most of the vehicles originally purchased, owned and maintained by NMCD were transferred to the General Services Department (GSD). The following schedule identifies the amount of expected payments for these vehicles. These amounts are also included in the above schedule.

2010	\$ 1,332,833
2011	1,338,549
2012	1,338,549
2013	1,338,549
2014	1,338,549
Thereafter	<u>1,338,549</u>
Total Minimum Lease Payments	<u><u>\$ 8,025,578</u></u>

The Corrections Industries Division is lessor of farmland at the minimum unit of the Central New Mexico Correctional Facility in Los Lunas, New Mexico. The following schedule identifies the amount of expected farm rent revenue for the enterprise fund:

Year Ended June 30,	
2010	\$ 135,000
Total Minimum Lease Payments	<u><u>\$ 135,000</u></u>

NOTE 10: CHANGES IN LONG-TERM LIABILITIES

The changes in long-term liabilities for government type activities are as follows:

	Balance Beginning	Increase	(Decrease)	Balance Ending*
Compensated Absences:				
Annual Leave	\$ 4,189,065	\$ 4,082,074	\$ (4,219,276)	\$ 4,051,863
Compensatory Leave	198,876	381,842	(199,731)	380,987
Sick Leave	<u>84,533</u>	<u>231,235</u>	<u>(227,117)</u>	<u>88,651</u>
Total Long-Term Liabilities	<u><u>\$ 4,472,474</u></u>	<u><u>\$ 4,695,151</u></u>	<u><u>\$ (4,646,124)</u></u>	<u><u>\$ 4,521,501</u></u>

The changes in long-term liabilities for business-type activities are as follows:

Business-type		Balance Beginning	Increase	(Decrease)	Balance Ending*
Compensated Absences:					
Annual Leave		\$ 118,913	\$ 83,014	\$ (86,820)	\$ 115,107
Total Long-Term Liabilities		<u><u>\$ 118,913</u></u>	<u><u>\$ 83,014</u></u>	<u><u>\$ (86,820)</u></u>	<u><u>\$ 115,107</u></u>

*The estimated amount expected to be paid for Compensated Absences within one year is \$4,521,501, which is listed on the Statement of Net Assets on page 13. The General Operating Funds typically have been used to liquidate long-term liabilities like capital leases and compensated absences. The General Operating Funds used are SHARE funds 89800, 90200, 90700, and 91500. The entire balance of \$115,107 for the business-type activities is expected to be paid for within one year.

NOTE 11: OTHER FINANCING SOURCES AND OPERATING TRANSFERS

Transfer In/Out:

During the fiscal year, the Department received funds that were recorded as "Other Financing Sources" in the financial records. These amounts include State General Fund Appropriations (1) \$290,382,900 which includes \$2,532,000 was appropriated to Department of Finance & Administration for distribution to the Corrections Department as part as a compensation increase for its employees. (2) \$237,780 was received from GSD Risk Management Division for costs related to legal staff defending the Department on Pro Se cases. (3) \$1,000,000 was transferred to the Department of Finance & Administration as part of Senate Bill 79 for the purpose of meeting appropriations from the General Fund. (4) \$446,828 was received from the State Board of Finance for ongoing projects being conducted throughout the state. (5) The department transferred to the State General Fund as part of its reversions \$5,386,187. This amount includes \$1,100 that was reverted from fund 91500 during the fiscal year (additional information regarding this amount can be found in Note 2-9 starting on page 36). The following is a breakdown of these transactions by fund:

	SHARE Agency / Fund	Transfer In	Transfer Out
State General Fund Appropriations			
(1) SHARE System Fund 90200	34101-85300	\$ 3,838,900	\$ -
(1) SHARE System Fund 90200	34100-62000	16,800	-
(1) SHARE System Fund 90700	34101-85300	253,543,100	-
(1) SHARE System Fund 90700	34100-62000	2,174,000	-
(1) SHARE System Fund 91500	34101-85300	30,468,900	-
(1) SHARE System Fund 91500	34100-62000	341,200	-
Total State General Fund Appropriations		\$ 290,382,900	\$ -
General Fund			
(2) SHARE System Fund 90700	35000-35703	\$ 237,780	\$ -
(3) SHARE System Fund 91500	34101-85300	-	1,000,000
Total Operating Transfers - General Fund		\$ 237,780	\$ 1,000,000
State Capital Projects Fund			
(4) SHARE System Fund 99700	34100-66400	\$ 446,828	\$ -
Total Operating Transfers - State Capital Projects Fund		\$ 446,828	\$ -
State General Fund Reversions			
(5) SHARE System Fund 90700	34100-85300	\$ -	\$ 3,441,893
(5) SHARE System Fund 91500	34100-85300	-	1,943,315
(5) SHARE System Fund 99700	34100-85300	-	979
Total State General Fund Reversions		\$ -	\$ 5,386,187

NOTE 12: CONCENTRATIONS AND INTERFUND TRANSACTIONS

Substantially all Corrections Industries Division sales are to other government agencies.

In addition, the Enterprise Fund (Corrections Industries) conducts business with the Corrections Department General Fund in the form of sales of goods and services. These sales are at list price unless a sale price or other discount is also available to other customers. Sales to the general fund during fiscal year ended June 30, 2009 amounted to \$1,847,579.

Inmates at various institutions are required to work for the institutions or provide direct labor in the Corrections Industries work programs reflected in Schedules C-1 and C-2. These inmates are compensated at nominal rates, and their earnings are paid to the credit of the inmate trust accounts reported in the Agency Fund. During fiscal year ended June 30, 2009 the Enterprise Fund incurred \$366,815 in inmate wages expense.

The inmates make purchases from the facility canteen (commissaries), which result in Other State Funds revenues to the General Fund. During fiscal year ended June 30, 2009 the General Fund recorded \$1,271,864 in such revenues.

NOTE 13: CONTINGENT LIABILITIES (CLAIMS & JUDGMENTS)

The Department as a State Agency defined in the New Mexico Tort Claims Act, is insured through the State of New Mexico General Services Department, Risk Management Division. The Office of Risk Management Division pays annual premiums 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; and
3. Fringe benefit coverage for State of New Mexico employees.

In the case of civil actions or claims against the Department for financial damages, the Department's certificate of insurance with Risk Management does not cover claims for back wages but does cover civil rights claims for other compensatory damages.

The Department is involved in several pending legal matters involving back wages. The risk of loss in most of these cases is deemed to be "slight to moderate" by the Department's counsel and management and the potential loss would not materially adversely affect the financial statements.

NOTE 14: BOND PROCEEDS

To comply with Governmental Accounting Standards Board Statement No. 33 (GASBS 33), *Accounting and Financial Reporting for Nonexchange Transactions*, the Department has been authorized by the Legislature for a portion bond proceeds. The Severance Tax Bonds were appropriated by Laws of 2007, Chapter, 42, Section 7 to plan, design, construct, equip, and furnish a kitchen and roof project, including repairs, at Correctional Centers. Under the modified accrual basis of accounting, GASBS 33 requires that the recognition of revenues and expenditures occur only when all applicable eligibility requirements have been met. The Department request draw downs from the State Board of Finance and recognizes revenue only when the eligibility requirements have been met.

NOTE 15: FUND BALANCE

Unreserved, Designated for Future Expenditures:

This designation is used to restrict the use of resources from special appropriations and to restrict cash balance amounts that have been requested for re-budget in subsequent years.

The Department did request the use \$250,000 of these funds in its fiscal year 2011 request. The amount requested was in the General Operating Fund 91500 thereby reducing the amount of the appropriation request. In addition, the Department maintains a cash balance designation for contingency purposes. This designation is less than one half of one percent (.5%) of the total operating budget.

Excess budget remaining in the Community Corrections Special revenue fund at fiscal year-end statutorily does not revert to the State General Fund. The Department has requested to use \$659,500 of this amount in its fiscal year 2011 request, thereby reducing the amount of the current year appropriation request.

The following is a breakout of the Unreserved, Designated for Future Expenditures:

Governmental Funds	
General Operating Fund	\$ 4,910,805
State Capital Projects Fund	308,154
Community Corrections Special Revenue Fund	<u>1,514,284</u>
	<u>\$ 6,733,243</u>

Reserved for Subsequent Year Expenditure

This reserve was created to represent the portion of fund balance that has been requested by the Department and appropriated by the New Mexico State Legislature for use in the subsequent fiscal year.

The following is a breakout of the Reserved for Subsequent Year Expenditures appropriated by the New Mexico State Legislature for use in fiscal year 2009:

Reserved for Subsequent Years Expenses	
Governmental Funds	
General Operating Fund	\$ 180,854
Community Corrections Special Revenue Fund	<u>545,700</u>
	<u>\$ 726,554</u>

NOTE 16: JPA AND MOU DISCLOSURE

The Department was a party to the following Joint Power Agreements (JPA) and Memorandums of Understanding (MOU) during fiscal year 2009:

EMNRD Forestry Work Crews – JPA between NMCD and Energy Minerals and Natural Resources Department (EMNRD) to provide inmate forestry work camp that will provide training and labor for fire suppression. JPA will incorporate inmates at the Central New Mexico Correctional Facility (CNMCF) and New Mexico Women's Correctional Facility.

- o Responsible Party for Operations: EMNRD Forestry
- o Time period: October 14, 1997 to indefinite
- o Total estimated amount of Project: \$112,105
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: EMNRD
- o Revenue Reported: NMCD

EMNRD Inmate Work Crews – JPA between NMCD and EMNRD to provide inmate labor to maintain New Mexico State Parks.

- o Responsible Party for Operations: EMNRD
- o Time period: July 20, 2001 to indefinite
- o Total estimated amount of Project: \$95,000
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: EMNRD
- o Revenue Reported: NMCD

NM Tort Claims Act – JPA between NMCD and General Services Department, Risk Management Division to provide legal representation of NMCD employees pursuant to the New Mexico Tort Claims Act (Pro Se cases). Yearly allotment made to the NMCD Office of General Counsel.

- o Responsible Party for Operations: General Services Department (GSD)
- o Time period: July 1, 2008 to June 30, 2012
- o Total estimated amount of Project: \$987,384
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: GSD
- o Revenue Reported: NMCD

Inmate Education – JPA between NMCD and Eastern New Mexico University (ENMU) to provide post secondary and vocational education for residents of New Mexico Correctional Centers.

- o Responsible Party for Operations: NMCD
- o Time period: August 29, 2008 to June 30, 2009
- o Total estimated amount of Project: \$262,100
- o Portion Applicable to NMCD: \$262,100
- o Amount Agency Contributed in Fiscal Year 09: \$189,136
- o Audit Responsibility: NMCD
- o Revenue Reported: ENMU

NOTE 16: JPA and MOU Disclosure (Continued)

Inmate Education – JPA between NMCD and Eastern New Mexico University (ENMU) to provide post secondary education for inmates and library services for the residents of New Mexico Correctional Centers in Las Cruces, Los Lunas, Santa Fe, Grants, and Hagerman, New Mexico.

- o Responsible Party for Operations: NMCD
- o Time period: August 29, 2008 to June 30, 2009
- o Total estimated amount of Project: \$16,500
- o Portion Applicable to NMCD: \$16,500
- o Amount Agency Contributed in Fiscal Year 09: \$14,157
- o Audit Responsibility: NMCD
- o Revenue Reported: ENMU

Inmate Instructional Training – JPA between NMCD and Eastern New Mexico University (ENMU) to provide post secondary and vocational education for youth offenders at NMCD facilities who are twenty five years of age and under and who have less than five years to serve on their sentence.

- o Responsible Party for Operations: NMCD
- o Time period: August 29, 2008 to June 30, 2009
- o Total estimated amount of Project: \$113,369
- o Portion Applicable to NMCD: \$113,369
- o Amount Agency Contributed in Fiscal Year 09: \$102,819
- o Audit Responsibility: NMCD
- o Revenue Reported: ENMU

Landfill / Transfer Station Work Crews – JPA between NMCD and the South Central Solid Waste Authority (SCSWA) to provide inmate work crews for maintenance, beautification, and enhancement at the Corralitos landfill or transfer station in Dona Ana County.

- o Responsible Party for Operations: South Central Solid Waste Authority
- o Time period: May 5, 2005 to Indefinite
- o Total estimated amount of Project: Income
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: SCSWA
- o Revenue Reported: NMCD

Clinical Services – JPA between NMCD and the New Mexico Department of Health (NMDOH) to provide HIV/AIDS clinical services for inmates with the HIV disease.

- o Responsible Party for Operations: NMCD
- o Time period: July 1, 2007 to June 30, 2011
- o Total estimated amount of Project: \$350,000
- o Portion Applicable to NMCD: \$350,000
- o Amount Agency Contributed in Fiscal Year 09: \$469,201
- o Audit Responsibility: NMCD
- o Revenue Reported: NMDOH

NOTE 16: JPA and MOU Disclosure (Continued)

Transitional Reporting Services – JPA between the New Mexico Department of Health (NMDOH) and the NMCD to provide FTE to support the Transitional Reporting Center Programs in the Albuquerque and Las Cruces areas.

- o Responsible Party for Operations: NMDOH
- o Time period: Indefinite
- o Total estimated amount of Project: \$1,000,000
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: NMDOH
- o Revenue Reported: NMCD

Inmate Labor – JPA between NMCD and the Department of Veteran's Affairs (DVA) to provide inmate labor for maintenance, litter control, and beautification of the Santa Fe National Cemetery (SFNC). Officer and inmate wages are reimbursed by DVA.

- o Responsible Party for Operations: DVA
- o Time period: August 26, 2003 to indefinite
- o Total estimated amount of Project: \$51,840
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: DVA
- o Revenue Reported: NMCD

EMNRD Forestry Work Crews – JPA between NMCD and NM Energy Minerals and Natural Resources Department (EMNRD) and Corrections Corporation of America (CCA) to provide inmate forestry work camps that will provide training and labor for fire suppression.

- o Responsible Party for Operations: EMNRD
- o Time period: October 14, 1997 to Indefinite
- o Total estimated amount of Project: \$150,000
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: EMNRD
- o Revenue Reported: NMCD

Inmate Labor – JPA between NMCD and the New Mexico Department of Transportation (NMDOT) to provide inmate labor for highway maintenance and beautification. Officer and inmate wages are reimbursed by NMDOT.

- o Responsible Party for Operations: NMDOT
- o Time period: June 25, 2007 to June 30, 2011
- o Total estimated amount of Project: Income
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: NMDOT
- o Revenue Reported: NMCD

NOTE 16: JPA and MOU Disclosure (Continued)

Inmate Education – JPA between NMCD and Mesalands Community College to provide post secondary and vocational education to inmates housed in Santa Rosa and Clayton, New Mexico.

- o Responsible Party for Operations: NMCD
- o Time period: September 8, 2008 to June 30, 2009
- o Total estimated amount of Project: \$70,000
- o Portion Applicable to NMCD: \$70,000
- o Amount Agency Contributed in Fiscal Year 09: \$69,992
- o Audit Responsibility: NMCD
- o Revenue Reported: Mesalands Community College

Inmate Labor – JPA between NMCD and the Santa Fe Solid Waste Management Agency (SFSWM) to provide inmate labor to perform minor maintenance, beautification, and litter control of the Caja Del Rio Landfill property and other properties as directed by the agency.

- o Responsible Party for Operations: SFSWM
- o Time period: September 1, 2001 to Indefinite
- o Total estimated amount of Project: \$40,000
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: SFSWM
- o Revenue Reported: NMCD

Inmate Labor – JPA between NMCD and the City of Grants to provide inmate work crews for maintenance, beautification, and enhancement at various locations in the City of Grants, New Mexico.

- o Responsible Party for Operations: City of Grants
- o Time Period: December 5, 2008 to Indefinite
- o Total Estimated amount of Project: Income
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: City of Grants
- o Revenue Reported: NMCD

Inmate Labor – JPA between NMCD and the City of Santa Fe to provide inmate labor to perform minor maintenance, beautification, and litter control in the Santa Fe public areas and other properties as directed by the agency.

- o Responsible Party for Operations: City of Santa Fe
- o Time Period: November 18, 1999 to Indefinite
- o Total Estimated amount of Project: \$101,000
- o Portion Applicable to NMCD: -0-
- o Amount Agency Contributed in Fiscal Year 09: -0-
- o Audit Responsibility: City of Santa Fe
- o Revenue Reported: NMCD

NOTE 16: JPA and MOU Disclosure (Continued)

Inmate Labor – JPA between NMCD and the City of Las Cruces to provide inmate labor to perform minor maintenance, beautification, and litter control in the Las Cruces public areas and other properties as directed by the agency.

- Responsible Party for Operations: City of Las Cruces
- Time Period: July 28, 1998 to Indefinite
- Total Estimated amount of Project: Income
- Portion Applicable to NMCD: -0-
- Amount Agency Contributed in Fiscal Year 09: -0-
- Audit Responsibility: City of Las Cruces
- Revenue Reported: NMCD

Reimbursement of Travel Expenses – MOU between NMCD and Children Youth and Families Department (CYFD) for the reimbursement of travel expenses pertaining to an out-of-state inmate transport.

- Responsible Party for Operations: NMCD
- Time Period: May 30, 2009 – June 1, 2009
- Total Estimated Amount of Project: Income
- Portion Applicable to NMCD: \$690
- Amount Agency Contributed in Fiscal Year 09: \$690
- Audit Responsibility: CYFD
- Revenue Reported: NMCD

Representation for Writs of Habeas Corpus – MOU between NMCD and the Attorney General's Office (AG) to provide for representation by the Office of the Attorney General to those persons named as respondents in petitions for Writs of Habeas Corpus in federal court.

- Responsible Party for Operations: NM Attorney General
- Time period: July 1, 2009 - Indefinite
- Total estimated amount of Project: \$25,000 +
- Portion Applicable to NMCD: \$25,000 +
- Amount Agency Contributed in Fiscal Year 09: \$13,349
- Audit Responsibility: NM Attorney General
- Revenue Reported: NM Attorney General

Inmate Tracking – MOU between NMCD and the New Mexico Human Services Department for the tracking of all inmates and parolees named in Child Support Enforcement Cases.

- Responsible Party for Operations: HSD / NMCD
- Time Period: June 4, 2003 - Indefinite
- Total Estimated Amount of Project: -0-
- Portion Applicable to NMCD: -0-
- Amount Agency Contributed in Fiscal Year 09: -0-
- Audit Responsibility: HSD / NMCD
- Revenue Reported: Agreement only, no funds transferred

NOTE 16: JPA and MOU Disclosure (Continued)

Educational Travel Reimbursement – MOU between NMCD and the Northeast New Mexico Detention Facility (NENDF) to reimburse NENMDF for travel costs associated with NMCD educational/training classes.

- Responsible Party for Operations: NMCD / NENMDF
- Time Period: October 1, 2008 – October 1, 2010
- Total Estimated Amount of Project: Undetermined
- Portion Applicable to NMCD: Agreed Upon Costs
- Amount Agency Contributed in Fiscal Year 09: -0-
- Audit Responsibility: NMCD / NENMDF
- Revenue Reported: NENMDF

Educational Travel Reimbursement – MOU between NMCD and the Guadalupe County Correctional Facility to reimburse GCCF for travel costs associated with NMCD educational/training classes.

- Responsible Party for Operations: NMCD / GCCF
- Time Period: October 1, 2008 – October 1, 2010
- Total Estimated Amount of Project: Undetermined
- Portion Applicable to NMCD: Agreed Upon Costs
- Amount Agency Contributed in Fiscal Year 09: \$3,149
- Audit Responsibility: NMCD / GCCF
- Revenue Reported: GCCF

Training of Personnel from Central America – MOU between NMCD and Department of State, Bureau for International Narcotics and Law Enforcement Affairs (INL) for training and mentoring of corrections personnel from Central America.

- Responsible Party for Operations: NMCD / INL
- Time Period: April 7, 2009 – March 31, 2010
- Total Estimated Amount of Project: Undetermined
- Portion Applicable to NMCD: \$14,754
- Amount Agency Contributed in Fiscal Year 09: \$14,754
- Audit Responsibility: NMCD / INL
- Revenue Reported NMCD

Collective Bargaining Negotiations – MOU between NMCD, Multiple Agencies and Department of Finance & Administration (DFA) for the representation during collective bargaining negotiations.

- Responsible Party for Operations: NMCD
- Time Period: May 4, 2005 - Indefinite
- Total Estimated Amount of Project: \$16,310
- Portion Applicable to NMCD: \$16,310
- Amount Agency Contributed in Fiscal Year 09: \$16,310
- Audit Responsibility: NMCD
- Revenue Reported: DFA

NOTE 16: JPA and MOU Disclosure (Continued)

Inmate Labor – MOU between NMCD and New Mexico Department of Military Affairs (NMDMA) for inmate labor to perform janitorial and maintenance services.

- Responsible Party for Operations: NMDMA
- Time Period: April 25, 2005 - Indefinite
- Total Estimated Amount of Project: Income
- Portion Applicable to NMCD: -0-
- Amount Agency Contributed in Fiscal Year 09: -0-
- Audit Responsibility: NMDMA
- Revenue Reported: NMCD

Hepatitis C Medication and Pharmaceutical Consulting – MOU between NMCD and New Mexico Department of Health (NMDOH) to provide Hepatitis C medication and consulting to NMCD inmates with the HCV Disease.

- Responsible Party for Operations: NMCD
- Time Period: April 25, 2005 - Indefinite
- Total Estimated Amount of Project: Reimbursement of actual Costs
- Portion Applicable to NMCD: Reimbursement of actual Costs
- Amount Agency Contributed in Fiscal Year 09: \$154,033
- Audit Responsibility: NMCD
- Revenue Reported: NMDOH

International and Domestic Terrorism Taskforce – MOU between NMCD and the Federal Bureau of Investigations (FBI) to form the New Mexico Joint Terrorism Taskforce.

- Responsible Party for Operations: NMCD / FBI
- Time Period: April 25, 2005 - Indefinite
- Total Estimated Amount of Project: Income
- Portion Applicable to NMCD: \$6,141
- Amount Agency Contributed in Fiscal Year 09: \$6,141
- Audit Responsibility: FBI
- Revenue Reported: NMCD

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund.

The General Fund is comprised of the New Mexico Corrections Department Performance Based Budgeting Programs, and the traditional budgets for the ASD Building Fund, the Special Appropriation for the Computer System Enhancement, various other Special Appropriation Z Codes, and the State Capital Projects Fund as listed below. The General Fund is accounted for at the Department of Finance and Administration within the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) Fund 90700 unless otherwise noted.

Program Support (Fund 90700)

Administrative Services Division (ASD)

Inmate Management and Control (Fund 90700)

Health Services Bureau (HSB)

Adult Prisons Division (APD)

Corrections Training Academy (CTA)

Western New Mexico Correctional Facility (WNMCF)

Southern New Mexico Correctional Facility (SNMCF)

Penitentiary of New Mexico (PNM)

Central New Mexico Correctional Facility (CNMCF)

Roswell Correctional Center (RCC)

Springer Correctional Center (SCC)

Inmate Programming (Fund 90700)

Education Bureau (EDB)

Addiction Services Bureau (ASB)

Community Offender Management (Fund 91500)

Probation & Parole Division (PPD)

Community Corrections / Vendor Operated (Fund 90200)

Community Corrections (CC)

Traditional Budget

ASD Building Fund (Fund 89800)

State Capital Projects Fund (99700)

Computer System Enhancement (Fund 90700)

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

PROGRAM SUPPORT

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
State General Fund	\$ 8,581,400	\$ 8,687,200	\$ 8,687,200	\$ -
Other State Funds	79,500	129,230	132,529	3,299
Inter-Agency Transfers	232,000	237,780	237,780	-
Federal Funds	-	-	-	-
Total Revenues	<u>8,892,900</u>	<u>9,054,210</u>	<u>9,057,509</u>	<u>3,299</u>
Rebudgeted Cash	-	-	-	-
Total Budgeted Revenues	<u>\$ 8,892,900</u>	<u>\$ 9,054,210</u>	<u>\$ 9,057,509</u>	<u>\$ 3,299</u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ 6,937,800	\$ 6,966,180	\$ 6,931,635	\$ 34,545
Contractual Services	404,700	397,000	389,128	7,872
Other	1,550,400	1,691,030	1,613,392	77,638
Operating Transfers	-	-	-	-
Reversions	-	-	124,107	(124,107)
Total Budgeted Expenditures	<u>\$ 8,892,900</u>	<u>\$ 9,054,210</u>	<u>\$ 9,058,262</u>	<u>\$ (4,052)</u>

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

INMATE MANAGEMENT and CONTROL

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State General Fund	\$ 242,860,800	\$ 236,951,600	\$ 236,951,600	\$ -
Other State Funds	13,918,200	13,423,241	14,710,840	1,287,599
Inter-Agency Transfers	25,000	-	-	-
Federal Funds	-	19,937	19,937	-
Total Revenues	<u>256,804,000</u>	<u>250,394,778</u>	<u>251,682,377</u>	<u>1,287,599</u>
Rebudgeted Cash	-	-	-	-
Total Budgeted Revenues	<u>\$ 256,804,000</u>	<u>\$ 250,394,778</u>	<u>\$ 251,682,377</u>	<u>\$ 1,287,599</u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ 97,823,900	\$ 99,578,159	\$ 99,057,532	\$ 520,627
Contractual Services	52,418,900	48,783,800	48,345,777	438,023
Other	106,561,200	102,032,819	99,643,084	2,389,735
Operating Transfers	-	-	-	-
Reversions	-	-	2,815,920	(2,815,920)
Total Budgeted Expenditures	<u>\$ 256,804,000</u>	<u>\$ 250,394,778</u>	<u>\$ 249,862,313</u>	<u>\$ 532,465</u>

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

INMATE PROGRAMMING

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State General Fund	\$ 10,198,100	\$ 10,003,300	\$ 10,003,300	\$ -
Other State Funds	5,500	5,980	20,646	14,666
Inter-Agency Transfers	-	-	-	-
Federal Funds	301,200	372,286	343,176	(29,110)
Total Revenues	<u>10,504,800</u>	<u>10,381,566</u>	<u>10,367,122</u>	<u>(14,444)</u>
Rebudgeted Cash	-	-	-	-
Total Budgeted Revenues	<u>\$ 10,504,800</u>	<u>\$ 10,381,566</u>	<u>\$ 10,367,122</u>	<u>\$ (14,444)</u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ 8,453,400	\$ 8,776,256	\$ 8,673,298	\$ 102,958
Contractual Services	864,100	473,969	451,452	22,517
Other	1,187,300	1,131,341	753,707	377,634
Operating Transfers	-	-	-	-
Reversions	-	-	486,999	(486,999)
Total Budgeted Expenditures	<u>\$ 10,504,800</u>	<u>\$ 10,381,566</u>	<u>\$ 10,365,456</u>	<u>\$ 16,110</u>

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

COMMUNITY OFFENDER MANAGEMENT

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
State General Fund	\$ 31,515,900	\$ 30,795,100	\$ 30,795,100	\$ -
Other State Funds	1,528,000	1,697,000	2,690,534	993,534
Inter-Agency Transfers	-	-	-	-
Federal Funds	-	62,905	23,358	(39,547)
Total Revenues	<u>33,043,900</u>	<u>32,555,005</u>	<u>33,508,992</u>	<u>953,987</u>
Rebudgeted Cash	-	1,000,000	-	(1,000,000)
Total Budgeted Revenues	<u>\$ 33,043,900</u>	<u>\$ 33,555,005</u>	<u>\$ 33,508,992</u>	<u>\$ (46,013)</u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ 20,570,900	\$ 20,265,830	\$ 20,057,084	\$ 208,746
Contractual Services	38,700	38,000	30,088	7,912
Other	12,434,300	12,251,175	10,775,475	1,475,700
Operating Transfers	-	1,000,000	1,000,000	-
Reversions	-	-	1,928,315	(1,928,315)
Total Budgeted Expenditures	<u>\$ 33,043,900</u>	<u>\$ 33,555,005</u>	<u>\$ 33,790,962</u>	<u>\$ (235,957)</u>

* \$1,000,000 was re-budgeted from cash balance.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

COMMUNITY CORRECTIONS / VENDOR OPERATED

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
State General Fund	\$ 3,930,500	\$ 3,855,700	\$ 3,855,700	\$ -
Other State Funds	51,700	51,700	143,395	91,695
Inter-Agency Transfers	-	-	-	-
Federal Funds	-	-	-	-
Total Revenues	<u>3,982,200</u>	<u>3,907,400</u>	<u>3,999,095</u>	<u>91,695</u>
Rebudgeted Cash	<u>545,700</u>	<u>545,700</u>	<u>-</u>	<u>(545,700)</u>
Total Budgeted Revenues	<u>\$ 4,527,900</u>	<u>\$ 4,453,100</u>	<u>\$ 3,999,095</u>	<u>\$ (454,005)</u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ 847,500	\$ 846,300	\$ 813,200	\$ 33,100
Contractual Services	56,800	62,560	41,945	20,615
Other	3,623,600	3,544,240	3,259,371	284,869
Operating Transfers	-	-	-	-
Total Budgeted Expenditures	<u>\$ 4,527,900</u>	<u>\$ 4,453,100</u>	<u>\$ 4,114,516</u>	<u>\$ 338,584</u>

* \$545,700 was re-budgeted from cash balance.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

COMPUTER SYSTEMS ENHANCEMENT

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
State General Fund	\$ -	\$ -	\$ -	\$ -
Other State Funds	-	-	-	-
Inter-Agency Transfers	-	-	-	-
Federal Funds	-	-	-	-
Total Revenues	-	-	-	-
Rebudgeted Cash	995,044	995,044	-	(995,044)
Total Budgeted Revenues	<u>\$ 995,044</u>	<u>\$ 995,044</u>	<u>\$ -</u>	<u>\$ (995,044)</u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	922,175	922,175	120,078	802,097
Other	72,869	72,869	15,609	57,260
Operating Transfers	-	-	-	-
Reversions	-	-	-	-
Total Budgeted Expenditures	<u>\$ 995,044</u>	<u>\$ 995,044</u>	<u>\$ 135,687</u>	<u>\$ 859,357</u>

*\$995,044 was re-budgeted from cash balance.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

Bud Reference 10824 – FUND 90700

	<u>Life-to-Date Budgeted Amounts</u>	<u>FY 09 Actual Amounts Budgetary Basis</u>	<u>Life-to-Date Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable) *</u>
REVENUES				
State General Fund	\$ -	\$ -	\$ -	\$ -
Other State Funds	-	-	-	-
Inter-Agency Transfers	-	-	-	-
Federal Funds	896,075	448,067	798,660	(97,415)
Total Revenues	<u>896,075</u>	<u>448,067</u>	<u>798,660</u>	<u>(97,415)</u>
Rebudgeted Cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Budgeted Revenues	<u><u>\$ 896,075</u></u>	<u><u>\$ 448,067</u></u>	<u><u>\$ 798,660</u></u>	<u><u>\$ (97,415)</u></u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	310,645	167,036	240,971	69,674
Other	585,430	281,031	557,689	27,741
Operating Transfers	-	-	-	-
Reversions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Budgeted Expenditures	<u><u>\$ 896,075</u></u>	<u><u>\$ 448,067</u></u>	<u><u>\$ 798,660</u></u>	<u><u>\$ 97,415</u></u>

* Budget for the various projects under this budget reference was established in a previous fiscal year and will cover multiple fiscal periods that do not lapse at year-end.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

Z 80185 – FUND 90700

	<u>Life-to-Date Budgeted Amounts</u>	<u>FY 09 Actual Amounts Budgetary Basis</u>	<u>Life-to-Date Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State General Fund	\$ 405,000	\$ -	\$ 405,000	\$ -
Other State Funds	-	-	-	-
Inter-Agency Transfers	-	-	-	-
Federal Funds	-	-	-	-
Total Revenues	<u>405,000</u>	<u>-</u>	<u>405,000</u>	<u>-</u>
Rebudgeted Cash	-	-	-	-
Total Budgeted Revenues	<u>\$ 405,000</u>	<u>\$ -</u>	<u>\$ 405,000</u>	<u>\$ -</u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	-	-	-	-
Other	405,000	390,261	390,261	14,739.00
Operating Transfers	-	-	-	-
Reversions	-	14,739	14,739	(14,739.00)
Total Budgeted Expenditures	<u>\$ 405,000</u>	<u>\$ 405,000</u>	<u>\$ 405,000</u>	<u>\$ -</u>

* Budget for the various projects under this fund were established in a previous fiscal year and will cover multiple fiscal periods that do not lapse at year-end.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

Z 80187 – FUND 90700

	Life-to-Date Budgeted Amounts	FY 09 Actual Amounts Budgetary Basis	Life-to-Date Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
State General Fund	\$ 150,000	\$ -	\$ 150,000	\$ -
Other State Funds	-	-	-	-
Inter-Agency Transfers	-	-	-	-
Federal Funds	-	-	-	-
Total Revenues	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Rebudgeted Cash	-	-	-	-
Total Budgeted Revenues	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ -</u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	-	-	-	-
Other	150,000	150,000	150,000	-
Operating Transfers	-	-	-	-
Reversions	-	-	-	-
Total Budgeted Expenditures	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>

* Budget for the various projects under this fund were established in a previous fiscal year and will cover multiple fiscal periods that do not lapse at year-end.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

Z 80188 – FUND 90700

	Life-to-Date Budgeted Amounts	FY 09 Actual Amounts Budgetary Basis	Life-to-Date Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
State General Fund	\$ 445,000	\$ -	\$ 445,000	\$ -
Other State Funds	-	-	-	-
Inter-Agency Transfers	-	-	-	-
Federal Funds	-	-	-	-
Total Revenues	<u>445,000</u>	<u>-</u>	<u>445,000</u>	<u>-</u>
Rebudgeted Cash	-	-	-	-
Total Budgeted Revenues	<u><u>\$ 445,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 445,000</u></u>	<u><u>\$ -</u></u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	-	-	-	-
Other	445,000	445,000	445,000	-
Operating Transfers	-	-	-	-
Reversions	-	-	-	-
Total Budgeted Expenditures	<u><u>\$ 445,000</u></u>	<u><u>\$ 445,000</u></u>	<u><u>\$ 445,000</u></u>	<u><u>\$ -</u></u>

* Budget for the various projects under this fund were established in a previous fiscal year and will cover multiple fiscal periods that do not lapse at year-end.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

Z 80189 – FUND 90700

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
State General Fund	\$ -	\$ -	\$ -	\$ -
Other State Funds	-	-	-	-
Inter-Agency Transfers	-	-	-	-
Federal Funds	-	-	-	-
Total Revenues	-	-	-	-
Rebudgeted Cash	234,733	234,733	-	(234,733)
Total Budgeted Revenues	\$ 234,733	\$ 234,733	\$ -	\$ (234,733)
EXPENDITURES				
Personal Services & Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	62,973	32,341	32,314	27
Other	171,760	202,392	202,291	101
Operating Transfers	-	-	-	-
Reversions	-	-	128	(128)
Total Budgeted Expenditures	\$ 234,733	\$ 234,733	\$ 234,733	\$ -

*\$234,733 was re-budgeted from cash balance.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

Z 90153 – FUND 90700

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
State General Fund	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Other State Funds	-	-	-	-
Inter-Agency Transfers	-	-	-	-
Federal Funds	-	-	-	-
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Rebudgeted Cash	-	-	-	-
Total Budgeted Revenues	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	-	-	-	-
Other	75,000	75,000	-	75,000
Operating Transfers	-	-	-	-
Reversions	-	-	-	-
Total Budgeted Expenditures	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>

* Budget for the various projects under this fund were established in a previous fiscal year and will cover multiple fiscal periods that do not lapse at year-end.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

Z 80185 – FUND 91500

	<u>Life-to-Date Budgeted Amounts</u>	<u>FY 09 Actual Amounts Budetary Basis</u>	<u>Life-to-Date Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State General Fund	\$ 95,000	\$ -	\$ 95,000	\$ -
Other State Funds	-	-	-	-
Inter-Agency Transfers	-	-	-	-
Federal Funds	-	-	-	-
Total Revenues	<u>95,000</u>	<u>-</u>	<u>95,000</u>	<u>-</u>
Rebudgeted Cash	-	-	-	-
Total Budgeted Revenues	<u>\$ 95,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ -</u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	-	-	-	-
Other	95,000	95,000	95,000	-
Operating Transfers	-	-	-	-
Reversions	-	-	-	-
Total Budgeted Expenditures	<u>\$ 95,000</u>	<u>\$ 95,000</u>	<u>\$ 95,000</u>	<u>\$ -</u>

* Budget for the various projects under this fund were established in a previous fiscal year and will cover multiple fiscal periods that do not lapse at year-end.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

Z 81291 – FUND 91500

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
State General Fund	\$ 15,000	\$ 13,900	\$ 15,000	\$ 1,100
Other State Funds	-	-	-	-
Inter-Agency Transfers	-	-	-	-
Federal Funds	-	-	-	-
Total Revenues	15,000	13,900	15,000	1,100
Rebudgeted Cash	-	-	-	-
Total Budgeted Revenues	\$ 15,000	\$ 13,900	\$ 15,000	\$ 1,100
EXPENDITURES				
Personal Services & Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	-	-	-	-
Other	15,000	13,900	-	13,900
Operating Transfers	-	-	-	-
Reversions	-	-	15,000	(15,000)
Total Budgeted Expenditures	\$ 15,000	\$ 13,900	\$ 15,000	\$ (1,100)

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL BY FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

**BUILDING FUND
SHARE FUND 89800**

	<u>Budgeted Final Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State General Fund	\$ -	\$ -	\$ -
Other State Funds	-	-	-
Inter-Agency Transfers	-	-	-
Federal Funds	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Rebudgeted Cash	<u>273,000</u>	<u>-</u>	<u>(273,000)</u>
Total Budgeted Revenues	<u><u>\$ 273,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (273,000)</u></u>
EXPENDITURES			
Personal Services & Employee Benefits	\$ -	\$ -	\$ -
Contractual Services	-	-	-
Other	273,000	-	273,000
Operating Transfers	-	-	-
Total Budgeted Expenditures	<u><u>\$ 273,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 273,000</u></u>

*\$273,000 was re-budgeted from cash balance.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL BY FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

**GENERAL OPERATING FUND
SHARE FUND 90700**

	<u>Budgeted Final Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State General Fund	\$ 256,717,100	\$ 256,717,100	\$ -
Other State Funds	13,558,451	14,864,015	1,305,564
Inter-Agency Transfers	237,780	237,780	-
Federal Funds	1,288,298	1,161,773	(126,525)
Total Revenues	<u>271,801,629</u>	<u>272,980,668</u>	<u>1,179,039</u>
Rebudgeted Cash	<u>1,229,777</u>	<u>-</u>	<u>(1,229,777)</u>
Total Budgeted Revenues	<u><u>\$ 273,031,406</u></u>	<u><u>\$ 272,980,668</u></u>	<u><u>\$ (50,738)</u></u>
EXPENDITURES			
Personal Services & Employee Benefits	\$ 115,320,595	\$ 114,662,465	\$ 658,130
Contractual Services	50,919,930	49,579,720	1,340,210
Other	106,790,881	103,771,033	3,019,848
Operating Transfers	-	-	-
Reversions	<u>-</u>	<u>3,441,893</u>	<u>(3,441,893)</u>
Total Budgeted Expenditures	<u><u>\$ 273,031,406</u></u>	<u><u>\$ 271,455,111</u></u>	<u><u>\$ 1,576,295</u></u>

* \$1,229,777 was re-budgeted from cash balance. The above amounts include budgets for the various projects where the budget was established in a previous fiscal year and will cover multiple fiscal periods that do not lapse at year-end.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL BY FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

**PROBATION AND PAROLE GENERAL OPERATING FUND
SHARE FUND 91500**

	<u>Budgeted Final Amounts</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State General Fund	\$ 30,904,000	\$ 30,905,100	\$ 1,100
Other State Funds	1,697,000	2,690,534	993,534
Inter-Agency Transfers	-	-	-
Federal Funds	62,905	23,358	(39,547)
Total Revenues	<u>32,663,905</u>	<u>33,618,992</u>	<u>955,087</u>
Rebudgeted Cash	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Total Budgeted Revenues	<u><u>\$ 33,663,905</u></u>	<u><u>\$ 33,618,992</u></u>	<u><u>\$ (44,913)</u></u>
EXPENDITURES			
Personal Services & Employee Benefits	\$ 20,265,830	\$ 20,057,084	\$ 208,746
Contractual Services	38,000	30,088	7,912
Other	12,360,075	10,870,475	1,489,600
Operating Transfers	1,000,000	1,000,000	-
Reversions	<u>-</u>	<u>1,943,315</u>	<u>(1,943,315)</u>
Total Budgeted Expenditures	<u><u>\$ 33,663,905</u></u>	<u><u>\$ 33,900,962</u></u>	<u><u>\$ (237,057)</u></u>

* \$1,000,000 was re-budgeted from cash balance. The above amounts include budgets for the various projects where the budget was established in a previous fiscal year and will cover multiple fiscal periods that do not lapse at year-end.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENDITURES – BUDGET AND ACTUAL BY FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

**GENERAL FUND STATE CAPITAL PROJECTS FUND
SHARE FUND 99700**

	<u>Life-to-Date Budgeted Amounts</u>	<u>FY 09 Actual Amounts Budgetary Basis</u>	<u>Life-to-Date Actual Amounts Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State General Fund	\$ 25,000	\$ -	\$ 2,125,000	\$ 2,100,000
Other State Funds	-	-	-	-
Inter-Agency Transfers	1,000,000	446,828	446,828	(553,172)
Federal Funds	-	-	-	-
Total Revenues	<u>1,025,000</u>	<u>446,828</u>	<u>2,571,828</u>	<u>1,546,828</u>
Rebudgeted Cash	<u>1,892,435</u>	<u>-</u>	<u>-</u>	<u>\$ (1,892,435)</u>
Total Budgeted Revenues	<u><u>\$ 2,917,435</u></u>	<u><u>\$ 446,828</u></u>	<u><u>\$ 2,571,828</u></u>	<u><u>\$ (345,607)</u></u>
EXPENDITURES				
Personal Services & Employee Benefits	\$ -	\$ -	\$ -	\$ -
Contractual Services	75,000	46,164	46,164	28,836
Other	2,842,435	610,354	2,108,966	733,469
Operating Transfers	-	-	-	-
Reversions	-	979	979	(979)
Total Budgeted Expenditures	<u><u>\$ 2,917,435</u></u>	<u><u>\$ 657,497</u></u>	<u><u>\$ 2,156,109</u></u>	<u><u>\$ 761,326</u></u>

* Budget for the various projects under this fund were established during the fiscal year and will cover multiple fiscal periods that do not lapse at year-end.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
COMBINING BALANCE SHEET GENERAL FUND TYPES – GAAP BASIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

ASSETS	Building Fund SHARE System Fund 89800	General Operating Fund SHARE System Fund 90700	Probation & Parole Fund SHARE System Fund 91500	Total *
Investments	\$ 272,385	\$ 29,900,829	\$ 5,163,416	\$ 35,336,630
Receivables net				
of allowance for doubtful accounts	-	21,156	-	21,156
Federal Grants Receivable	-	297,763	-	297,763
Other Receivables	-	8,949	-	8,949
Due from Other State Agencies	-	1,025,266	-	1,025,266
Inventories	-	5,008,346	468,434	5,476,780
Prepaid Items	-	257,458	45,377	302,835
Total Assets	\$ 272,385	\$ 36,519,767	\$ 5,677,227	\$ 42,469,379
LIABILITIES AND FUND EQUITY				
Liabilities				
Vouchers Payable	\$ -	\$ 17,004,743	\$ 668,886	\$ 17,673,629
Payroll Benefits Payable	-	2,199,059	79,987	2,279,046
Payroll Taxes Payable	-	345,702	309,345	655,047
Accrued Wages Payable	-	2,629,576	417,893	3,047,469
Due to Other Funds	-	456,091	19,760	475,851
Due to State General Fund	-	3,441,893	1,942,215	5,384,108
State Dated Warrants - Due to SGF	-	2,586	41	2,627
Due to Other State Agencies	-	259	-	259
Deferred Revenue	-	2,077,994	-	2,077,994
Other Liabilities	-	-	-	-
Total Liabilities	-	28,157,903	3,438,127	31,596,030
Fund Equity				
Reserved for:				
Inventories	-	5,008,346	468,434	5,476,780
Subsequent Years Expenditures	-	180,854	-	180,854
Prepaid Expenses	-	257,458	45,377	302,835
Petty Cash	-	2,075	-	2,075
Unreserved / Undesignated				
Designated for Future Expenditures	272,385	2,913,131	1,725,289	4,910,805
Total Fund Equity	272,385	8,361,864	2,239,100	10,873,349
Total Liabilities and Fund Equity	\$ 272,385	\$ 36,519,767	\$ 5,677,227	\$ 42,469,379

* Inter-fund balances have been eliminated in the total column.

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GAAP BASIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

	Building Fund SHARE System Fund 89800	General Operating Fund SHARE System Fund 90700	Probation & Parole Fund SHARE System Fund 91500	Total *
Revenues				
Other State Funds	\$ -	\$ 14,864,015	\$ 2,690,534	\$ 17,554,549
Federal Grants	-	811,180	23,358	834,538
Total Revenues	-	15,675,195	2,713,892	18,389,087
Expenditures, Current				
Personal Services & Employee Benefits	-	114,662,465	20,057,084	134,719,549
Contractual Services	-	49,505,785	30,088	49,535,873
Other	-	97,789,889	10,518,677	108,308,566
Expenditures, Capital Outlay	-	5,704,486	351,798	6,056,284
Total Expenditures	-	267,662,625	30,957,647	298,620,272
Excess (deficiency) Revenues over Expenditures	-	(251,987,430)	(28,243,755)	(280,231,185)
Other Financing Sources (uses)				
General Fund Appropriation	-	255,717,100	30,810,100	286,527,200
Operating Transfers-In	-	237,780	-	237,780
Operating Transfers-Out	-	-	(1,000,000)	(1,000,000)
Reversions to State General Fund	-	(3,441,893)	(1,943,315)	(5,385,208)
Net Other Financing Sources (uses)	-	252,512,987	27,866,785	280,379,772
Excess Revenues and Other Financing Sources over (under) Expenditures & Other Financing Uses	-	525,557	(376,970)	148,587
Fund Balance, Beginning of Year	272,386	7,836,303	2,616,073	10,724,762
Fund Balance, End of Year	\$ 272,386	\$ 8,361,860	\$ 2,239,103	\$ 10,873,349

* Inter-fund balances have been eliminated in the total column.

The accompanying notes are an integral part of the financial statements

ENTERPRISE FUND

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The Enterprise Fund is accounted for at the Department of Finance and Administration within the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) Fund 07700.

An allocation of balance sheet items by activity is not meaningful; therefore, only a combined balance sheet is presented in the Statement of Net Assets at both government-wide and proprietary levels of detail. Listed below is a description of the types of activities operated by the Department's Corrections Industries Division (CID), as shown in the following Schedule of Revenue and Expenses, by Enterprise.

Furniture – CNMCF (Los Lunas) and SNMCF (Las Cruces) manufacture furniture for sale primarily to government entities.

Agriculture – Lease farm operations for the production of alfalfa, hay, and other crops utilizing private sector resources to employ inmates at the minimum unit of CNMCF. SCC farm program is a new program that utilizing inmates to raise cattle to maturity.

Data Entry Programs – The PNM Data Entry Program employs inmates to enter computer data for other state agencies, which are billed for the services rendered.

Printing – The GCCF print shop, located in Santa Rosa, NM, provides printing services to government entities.

Reproduction – The Corrections Corporation of America women's facility in Grants, NM provides microfilming and electronic imaging of documents to government entities.

Telemarketing – Telemarketing programs at the Corrections Corporation of America women's facility, located in Grants, NM, answer telephone inquiries about tourist attractions for the New Mexico Tourism Department and mail brochures to prospective tourists.

Shoes and Textiles (Textiles) – Clothing, shoes, mattresses, bed linens, towels and other related products are manufactured at the privately operated men's facility in Hobbs for sale to government entities and companies operating private prisons.

Cleaning Products – Manufacturing and production of various types of plastic cleaning products located at WNMCF in Grants, NM.

Administrative Overhead – The costs of Sales and Marketing, the Distribution Center, Central Office, CNMCF Administration and SNMCF Administration "enterprises" are allocated to the true enterprises at fiscal year end.

**NEW MEXICO CORRECTIONS DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES, BY ENTERPRISE
FOR THE FISCAL YEAR ENDING JUNE 30, 2009**

	Furniture*	Tele- marketing	Cleaning Products*	CCA Micro	Textiles*	PNM Data Entry	GCCF Print
Revenue from Sales	\$ 1,282,806	\$ 187,953	\$ 518,715	\$ -	\$ 1,309,410	\$ 105,000	\$ 173,388
Manufacturing Costs:							
Costs of Materials Used:							
Beginning Inventory - Materials	231,429	10,242	61,204	3,811	476,378	-	31,359
Materials Purchases	527,611	232	288,532	589	428,865	-	81,601
Net Material Transfers	52	-	-	-	(160)	-	160
Materials Available	759,092	10,474	349,736	4,400	905,083	-	113,120
Less Ending Inventory	(291,948)	(3,337)	(41,108)	(886)	(366,269)	-	(37,546)
Cost of Materials Used	467,144	7,137	308,628	3,514	538,814	-	75,574
Direct Labor - Inmate Pay	125,947	19,547	9,652	1,678	129,521	16,364	16,724
Manufacturing Overhead:							
Salaries	223,050	93,438	33,200	5,278	96,871	35,432	35,965
Benefits	128,015	41,970	17,920	3,405	46,947	15,559	21,265
In-State Travel	5,554	387	-	1,625	1,038	370	204
Maintenance & Repairs	10,744	172	-	-	2,354	-	21,851
Supplies	20,192	252	1,912	3,948	40,904	237	7,552
Contractual Services	-	-	-	-	-	-	2,890
Other Costs	8,266	12,616	675	2,339	12,384	122	15,004
Out-of-State Travel	-	-	-	-	-	-	-
Irrigation Fees	-	-	-	-	-	-	-
Depreciation	4,999	228	20,194	729	5,089	931	11,744
Miscellaneous	-	-	-	-	-	-	-
Total Manufacturing Overhead	400,820	149,063	73,901	17,324	205,587	52,651	116,475
Total Manufacturing Costs	993,911	175,747	392,181	22,516	873,922	69,015	208,773
Add Beginning Work in Process	220,384	-	-	-	-	-	-
Less Ending Work in Process	(150,631)	-	-	-	-	-	-
Total Cost of Goods Manufactured	1,063,664	175,747	392,181	22,516	873,922	69,015	208,773
Add Beginning Finished Goods	176,153	-	45,286	-	699,823	-	3,941
Less Ending Finished Goods	(411,544)	-	(35,711)	-	(446,113)	-	(5,775)
Net Finished goods Transfers	(3,404)	654	4,386	(489)	(1,243)	765	(16,040)
Total Cost of Goods Sold	824,869	176,401	406,142	22,027	1,126,389	69,780	190,899
Gross Profit	457,937	11,552	112,573	(22,027)	183,021	35,220	(17,511)
Allocated Overhead:							
Facility Overhead	(147,548)	-	-	-	-	-	-
Sales & Marketing	(96,956)	-	(39,205)	-	(98,966)	-	(13,105)
Distribution Center	43,906	-	17,753	-	44,816	-	5,934
Central Office	84,038	13,042	6,441	1,120	86,421	10,919	11,159
General Fund Subsidy	-	-	-	-	-	-	-
Other Income (Expense)	15,800	6,616	-	-	-	-	-
Net Income (Loss)	\$ 357,177	\$ 31,210	\$ 97,562	\$ (20,907)	\$ 215,292	\$ 46,139	\$ (13,523)

The accompanying notes are an integral part of the financial statements

CMU Farm	Sales & Marketing	Distribution Center	Central Office	CNMCF Admin	SNMCF Admin	Springer Farm	Total Industries
\$ 167,504	\$ -	\$ 538,175	\$ -	\$ -	\$ -	\$ 116,664	\$ 4,399,615
15,476	-	-	-	-	-	-	829,899
43,867	-	185,339	-	-	-	-	1,556,636
(16,088)	-	16,036	-	-	-	-	-
43,255	-	201,375	-	-	-	-	2,386,535
(8,929)	-	-	-	-	-	-	(750,023)
34,326	-	201,375	-	-	-	-	1,636,512
29,369	-	15,023	109	-	-	2,881	366,815
37,728	185,769	114,489	523,415	50,347	43,028	22,654	1,500,664
21,512	75,563	54,961	251,410	22,187	19,350	9,991	730,055
2,047	2,867	22,776	26,823	-	105	1,270	65,066
631	-	-	5,028	-	-	-	40,780
564	-	614	5,049	688	977	285	83,174
-	-	-	50	-	-	-	2,940
408	4,425	1,598	26,593	569	1,047	323	86,369
-	-	-	1,193	-	-	-	1,193
32,394	-	-	-	-	-	-	32,394
16,615	-	14,816	17,328	-	9,250	-	101,923
-	-	-	25,279	-	-	-	25,279
111,899	268,624	209,254	882,168	73,791	73,757	34,523	2,669,837
175,594	268,624	425,652	882,277	73,791	73,757	37,404	4,673,164
-	-	-	-	-	-	-	220,384
-	-	-	-	-	-	-	(150,631)
175,594	268,624	425,652	882,277	73,791	73,757	37,404	4,742,917
-	-	-	-	-	-	-	925,203
-	-	-	-	-	-	-	(899,143)
-	1,084	115	14,172	-	-	-	-
175,594	269,708	425,767	896,449	73,791	73,757	37,404	4,768,977
(8,090)	(269,708)	112,408	(896,449)	(73,791)	(73,757)	79,260	(369,362)
-	-	-	-	73,791	73,757	-	-
(12,660)	269,710	-	-	-	-	(8,818)	-
-	-	(112,409)	-	-	-	-	-
19,596	-	10,024	(244,682)	-	-	1,922	-
-	-	-	1,133,900	-	-	-	1,133,900
-	-	-	7,231	-	-	-	29,647
\$ (1,154)	\$ 2	\$ 10,023	\$ -	\$ -	\$ -	\$ 72,364	\$ 794,185

* Roll-up for Furniture, Cleaning Products, and Textiles on following pages.

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES,
FOR FURNITURE BY FACILITY
For the Fiscal Year Ending June 30, 2009**

	CNMCF Furniture	SNMCF Furniture	Total Furniture
Revenue from Sales	\$ 510,368	\$ 772,438	\$ 1,282,806
Manufacturing Costs:			
Costs of Materials Used:			
Beginning Inventory - Materials	68,442	162,987	231,429
Materials Purchases	236,454	291,157	527,611
Net Material Transfers	52	-	52
Materials Available	304,948	454,144	759,092
Less Ending Inventory	(179,748)	(112,200)	(291,948)
Cost of Materials Used	125,200	341,944	467,144
Direct Labor - Inmate Pay	55,169	70,778	125,947
Manufacturing Overhead:			
Salaries	101,660	121,390	223,050
Benefits	49,351	78,664	128,015
In-State Travel	387	5,167	5,554
Maintenance & Repairs	7,454	3,290	10,744
Supplies	12,403	7,789	20,192
Contractual Services	-	-	-
Other Costs	1,576	6,690	8,266
Out-of-State Travel	-	-	-
Irrigation Fees	-	-	-
Depreciation	624	4,375	4,999
Loss on Disposal of Equipment	-	-	-
Miscellaneous	-	-	-
Total Manufacturing Overhead	173,455	227,365	400,820
Total Manufacturing Costs	353,824	640,087	993,911
Add Beginning Work in Process	14,397	205,987	220,384
Less Ending Work in Process	(7,074)	(143,557)	(150,631)
Total Cost of Goods Manufactured	361,147	702,517	1,063,664
Add Beginning Finished Goods	98,985	77,168	176,153
Less Ending Finished Goods	(296,307)	(115,237)	(411,544)
Net Finished goods Transfers	14,671	(18,075)	(3,404)
Total Cost of Goods Sold	178,496	646,373	824,869
Gross Profit	331,872	126,065	457,937
Allocated Overhead:			
Facility Overhead	(73,791)	(73,757)	(147,548)
Sales & Marketing	(38,574)	(58,382)	(96,956)
Distribution Center	17,469	26,437	43,906
Central Office	36,812	47,226	84,038
General Fund Subsidy	-	-	-
Other Income (Expense)	14,410	1,390	15,800
Net Income (Loss)	\$ 288,198	\$ 68,979	\$ 357,177

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES,
FOR CLEANING PRODUCTS BY FACILITY
For the Fiscal Year Ending June 30, 2009**

	WNMCF Soap Shop	WNMCF Plastics	Total Cleaning Products
Revenue from Sales	\$ 247,827	\$ 270,888	\$ 518,715
Manufacturing Costs:			
Costs of Materials Used:			
Beginning Inventory - Materials	23,416	37,788	61,204
Materials Purchases	121,243	167,289	288,532
Net Material Transfers	-	-	-
Materials Available	144,659	205,077	349,736
Less Ending Inventory	(17,150)	(23,958)	(41,108)
Cost of Materials Used	127,509	181,119	308,628
Direct Labor - Inmate Pay	5,315	4,337	9,652
Manufacturing Overhead:			
Salaries	16,600	16,600	33,200
Benefits	8,950	8,970	17,920
In-State Travel	-	-	-
Maintenance & Repairs	-	-	-
Supplies	96	1,816	1,912
Contractual Services	-	-	-
Other Costs	675	-	675
Out-of-State Travel	-	-	-
Irrigation Fees	-	-	-
Depreciation	2,847	17,347	20,194
Loss on Disposal of Equipment	-	-	-
Miscellaneous	-	-	-
Total Manufacturing Overhead	29,168	44,733	73,901
Total Manufacturing Costs	161,992	230,189	392,181
Add Beginning Work in Process	-	-	-
Less Ending Work in Process	-	-	-
Total Cost of Goods Manufactured	161,992	230,189	392,181
Add Beginning Finished Goods	36,599	8,687	45,286
Less Ending Finished Goods	(28,886)	(6,825)	(35,711)
Net Finished goods Transfers	3,995	391	4,386
Total Cost of Goods Sold	173,700	232,442	406,142
Gross Profit	74,127	38,446	112,573
Allocated Overhead:			
Facility Overhead	-	-	-
Sales & Marketing	(18,731)	(20,474)	(39,205)
Distribution Center	8,482	9,271	17,753
Central Office	3,547	2,894	6,441
General Fund Subsidy	-	-	-
Other Income (Expense)	-	-	-
Net Income (Loss)	\$ 67,425	\$ 30,137	\$ 97,562

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
SCHEDULE OF REVENUES AND EXPENSES,
FOR TEXTILES BY FACILITY
For the Fiscal Year Ending June 30, 2009**

	CCA Textiles	LCCF Textiles	Total Textiles
Revenue from Sales	\$ 122,041	\$ 1,187,369	\$ 1,309,410
Manufacturing Costs:			
Costs of Materials Used:			
Beginning Inventory - Materials	-	476,378	476,378
Materials Purchases	21,091	407,774	428,865
Net Material Transfers	61,922	(62,082)	(160)
Materials Available	83,013	822,070	905,083
Less Ending Inventory	(12,315)	(353,954)	(366,269)
Cost of Materials Used	70,698	468,116	538,814
Direct Labor - Inmate Pay	8,449	121,072	129,521
Manufacturing Overhead:			
Salaries	7,222	89,649	96,871
Benefits	4,256	42,691	46,947
In-State Travel	65	973	1,038
Maintenance & Repairs	1,156	1,198	2,354
Supplies	1,808	39,096	40,904
Contractual Services	-	-	-
Other Costs	-	12,384	12,384
Out-of-State Travel	-	-	-
Irrigation Fees	-	-	-
Depreciation	846	4,243	5,089
Loss on Disposal of Equipment	-	-	-
Miscellaneous	-	-	-
Total Manufacturing Overhead	15,353	190,234	205,587
Total Manufacturing Costs	94,500	779,422	873,922
Add Beginning Work in Process	-	-	-
Less Ending Work in Process	-	-	-
Total Cost of Goods Manufactured	94,500	779,422	873,922
Add Beginning Finished Goods	-	699,823	699,823
Less Ending Finished Goods	(31,743)	(414,370)	(446,113)
Net Finished goods Transfers	13,272	(14,515)	(1,243)
Total Cost of Goods Sold	76,029	1,050,360	1,126,389
Gross Profit	46,012	137,009	183,021
Allocated Overhead:			
Facility Overhead	-	-	-
Sales & Marketing	(9,224)	(89,742)	(98,966)
Distribution Center	4,177	40,639	44,816
Central Office	5,637	80,784	86,421
General Fund Subsidy	-	-	-
Other Income (Expense)	-	-	-
Net Income (Loss)	\$ 46,602	\$ 168,690	\$ 215,292

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES & EXPENSES – BUDGET AND ACTUALS
(GAAP Budgetary Basis)
For the Fiscal Year Ending June 30, 2009

CORRECTIONS INDUSTRIES DIVISION

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Printing and Reproduction	\$ 371,900	\$ 243,000	\$ 711,563	\$ 468,563
Furniture Sales	3,631,200	2,916,600	1,282,806	(1,633,794)
Other Manufacturing	2,234,800	1,875,800	1,828,125	(47,675)
Farm Products	210,000	299,800	284,168	(15,632)
Micrographic, Data Entry & Telemarketing Services	257,500	251,000	292,953	41,953
Interest on Deposits	21,200	7,200	7,231	31
General Fund Subsidy	-	1,133,900	1,133,900	-
Miscellaneous Revenue	-	-	22,416	22,416
Total Revenues	<u>6,726,600</u>	<u>6,727,300</u>	<u>5,563,162</u>	<u>(1,164,138)</u>
Rebudgeted Cash	-	-	-	-
Total Budgeted Revenues	<u>\$ 6,726,600</u>	<u>\$ 6,727,300</u>	<u>\$ 5,563,162</u>	<u>\$ (1,164,138)</u>
Expenditures				
Personal Services & Employee Benefits	\$ 2,586,200	\$ 3,420,100	\$ 2,230,719	\$ 1,189,381
Contractual Services	20,600	20,600	2,940	17,660
Other	4,119,800	3,286,600	2,433,395	853,205
Operating Transfers	-	-	-	-
Total Budgeted Expenditures	<u>6,726,600</u>	<u>6,727,300</u>	<u>4,667,054</u>	<u>2,060,246</u>
Non-Budgeted Expenditures				
Depreciation Expense	-	-	101,923	(101,923)
Total Budgeted and Non-Budgeted Expenditures	<u>\$ 6,726,600</u>	<u>\$ 6,727,300</u>	<u>\$ 4,768,977</u>	<u>\$ 1,958,323</u>

The accompanying notes are an integral part of the financial statements

**NEW MEXICO CORRECTIONS DEPARTMENT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Fiscal Year Ending June 30, 2009**

	Balance as of June 30, 2008	Additions	Deletions	Balance as of June 30, 2009
ASSETS				
Cash	\$ 1,231,406	\$ 5,066,462	\$ (5,131,365)	\$ 1,166,503
Due from Others	354,823	1,235,275	(354,823)	1,235,275
Total Assets	<u>1,586,229</u>	<u>6,301,737</u>	<u>(5,486,188)</u>	<u>2,401,778</u>
LIABILITIES				
Due to Other State Agencies	27,647	26,149	(27,647)	26,149
Due to Private Prisons	4,142	785,319	(4,142)	785,319
Deposits Held for Others	1,554,440	1,590,310	(1,554,440)	1,590,310
Total Liabilities	<u>1,586,229</u>	<u>2,401,778</u>	<u>(1,586,229)</u>	<u>2,401,778</u>
NET ASSETS				
Total Net Assets	<u>\$ -</u>	<u>\$ 3,899,959</u>	<u>\$ (3,899,959)</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements



SINGLE AUDIT SECTION

**NEW MEXICO CORRECTIONS DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ending June 30, 2009**

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Direct Programs:			
Youth Offenders	84.331	V331A000026	\$ 102,819
Pass-through programs from the New Mexico Higher Education Department			
Adult Basic Education	84.002	71-9981	168,985
Total U.S. Department of Education programs			<u>271,804</u>
U.S. Department of Justice			
Direct Programs:			
Career Pathways Initiative	16.579	2007-DD-BX-0721	442,276
United States Marshal	16.738	07-JAG-PPA 02-SWIFT-FY08	15,605
Offender Workforce Development Specialist Training	16.601	07K95GJR7	5,791
Total Direct Programs			<u>463,672</u>
Pass-through programs from the State Department of Public Safety			
Residential Substance Abuse for State Prisoners	16.593	05-RT-BX-040	71,372
Bullet Proof Vest Program	16.607	1121-0235	19,937
Project Safe Neighborhood	16.550	2007-PG-BX-0082	5,462
Pass-through program from Region III Enforcement Task Force			
Narcotics Task Force	16.004		2,291
Total pass-through programs			<u>99,062</u>
Total U.S. Department of Justice programs			<u>562,734</u>
Total Expenditures of Federal Awards			<u>\$ 834,538</u>

Note: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. There were no federal awards expended in the form of non-cash assistance during the year. There were no loans for loan guarantees during the year.

**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. Joe R. Williams, Secretary, Corrections Department,
New Mexico Corrections Commission and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of New Mexico Corrections Department (the Department) as of and for the year ended June 30, 2009. We also have audited the individual SHARE fund financial statements and all the budgetary comparisons presented as supplementary information in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2008, and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A **control deficiency** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A **significant deficiency** is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial



Mr. Joe R. Williams, Secretary, Corrections Department,
New Mexico Corrections Commission and
Mr. Hector H. Balderas
New Mexico State Auditor

Internal Control Over Financial Reporting - continued

statements that is more than inconsequential will not be prevented or detected by the Department's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. Significant deficiencies are described in the accompanying schedule of findings and questioned costs as items 08-01 and 09-01.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 09-01 to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision*, paragraphs 5.14 and 5.16, and Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and responses as findings 07-02, 09-02, and 09-03.

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

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

Meigners + Company, LLC

December 7, 2009

**REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Mr. Joe R. Williams, Secretary, Corrections Department,
New Mexico Corrections Commission and
Mr. Hector H. Balderas
New Mexico State Auditor

Compliance

We have audited the compliance of State of New Mexico Corrections Department (the Department) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

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

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. The results of our auditing procedures disclosed no instances of noncompliance with those requirements.



Mr. Joe R. Williams, Secretary, Corrections Department,
New Mexico Corrections Commission and
Mr. Hector H. Balderas
New Mexico State Auditor

Internal Control Over Compliance

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

A **control deficiency** in the Department's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A **significant deficiency** is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Department's internal control.

A **material weakness** is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Department's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Meyers + Company, LLC

December 7, 2009

**NEW MEXICO CORRECTIONS DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2009**

Findings for Fiscal Year 2008

Current Status

07-02	Procurement Violations	Repeated and Modified
07-05	Inventory Control	Resolved
08-01	Inventory Control	Repeated and Modified
08-02	Joint Powers Agreement Violation	Resolved

**NEW MEXICO CORRECTIONS DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDING JUNE 30, 2009**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the State of New Mexico Corrections Department (Department).
2. Two significant deficiencies were disclosed during the audit of the financial statements and are reported in the 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*. One of these deficiencies was considered to be a material weakness. There were also three deficiencies that were considered to be control deficiencies.
3. No instances of noncompliance material to the financial statements of the Department were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs as reported in the Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Department expresses an unqualified opinion.
6. The program tested as a major:

<u>Program Name</u>	<u>CFDA Number</u>
Career Pathways Initiative	16.579

7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The Department was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

07-02 Procurement Violations – Repeated and Modified

Condition:

During audit fieldwork, the Department informed us of two procurement violations that occurred during the fiscal year which resulted in services in the amount of approximately \$37,000 being paid by Department without a valid contract. Additionally, during cash disbursement test work, 1 out of 25 cash disbursements tested did not follow the procurement code. This disbursement was approximately \$15,000.

Criteria:

Professional and non professional service contracts must comply with the New Mexico Procurement code (13-1-1 to 13-1-199) and 1.4.1.1 NMAC, 9/30/05 issued by the General Services Department and applicable to all executive branch state agencies. Also, according to NMAC Section 1.4.1.51A, no fewer than three quotes shall be obtained for purchases between \$5,000 and \$20,000.

Cause:

Circumstances required immediate payment for services to be rendered and employees were not properly trained on the procurement process.

Effect:

Non-compliance with the New Mexico procurement code.

Recommendation:

We recommend the Department enforce the procurement code by sending electronic memorandums to department heads to remind employees of the New Mexico Administrative Code.

Response:

As of August 4, 2009, the Cabinet Secretary sent a directive to all NMCD staff to ensure all staff process procurement transactions in compliance with the New Mexico Procurement Code and New Mexico Administrative Code. It is the Department's objective to ensure that procurement transactions are carried out in accordance with the New Mexico Procurement Code and all other laws, rules and regulations pertaining to governmental procurement transactions. Occasionally, Department field staff who are inexperienced with the New Mexico Procurement Code or individuals that have become lax in performing their duties, effect procurement transactions that are in violation of procurement laws, rules or regulations. Central Office Procurement staff, who are knowledgeable in the governmental procurement laws, rules and regulations, prevent these transactions from occurring. However, there are occasions where the transactions have been completed prior to Central Office Procurement staff reviewing the documentation; thus, resulting in procurement code violations. The Department ensures that when violations occur, the staff members responsible for the transactions are advised that they have violated the Procurement Code, which is a misdemeanor with possible consequences. The circumstances are investigated and steps are taken to educate individuals on the procurement laws and rules in order to prevent future occurrences. The Department will also inform the New Mexico State Purchasing Agent of this finding in order to commence the process of reviewing and updating the New Mexico Administrative Code, in order to bring the dollar thresholds and processing procedures in line with the current version of the New Mexico Procurement Code which it mirrors.

08-01 Inventory Control – Repeated and Modified

Condition:

During year end inventory observation test work, we noted multiple instances where there was inadequate training or supervision of employees performing test counts at the various locations. Additionally, we noted certain variances identified during our inventory test counts. Outlined below are examples of this condition:

- At the Western New Mexico Correctional facility and the Roswell Corrections Center, we noted inventory tags were not being used by warehouse and canteen personnel to document the inventory items, quantity of each item, initials of the counter, initials of the reviewer, and date.
- At the Roswell Corrections Center, 3 attempts for an inventory observation were necessary in order to obtain reasonable assurance about the inventory value at year end. During the first attempt, 9 out of 30 items counted contained variances. During the second attempt, 7 out of 24 items counted contained variances. During the third and final attempt, 16 items were counted and no variances were noted.
- At the Roswell Corrections Center, there was not evidence of a review process of the inventory counts before we performed our test counts during the first 2 visits. Their process does not include a counter and a separate reviewer to ensure accuracy with the inventory counts.

Criteria:

According to the State of New Mexico Model Accounting Practices (Volume 1, FIN 10.27-Inventory Control) specific inventory count procedures must be implemented and adhered to when performing annual inventory counting procedures.

Cause:

Lack of adherence to inventory observation procedures.

Effect:

The current inventory processes contained inefficiencies which caused the need for 3 separate observations to be performed at year end.

Recommendation:

We recommend the Department implement training sessions during the year to properly train employees about adequate processes and procedures to follow when performing an inventory observation.

Response:

The Department concurs with the recommendation and will implement internal Departmental processes regarding inventory so processes can be consistent and standardized throughout Department. As part of the training, staff will be assigned to facilitate spot checks on inventory counts to compare with actual perpetual inventory to ensure discrepancies do not occur.

09-01 Lack of Supporting Documentation for Contracts

Condition:

During contract test work, we encountered 2 out of 8 contracts tested that did not contain adequate supporting documentation for the disbursements made to the vendor. The details for these contracts are outlined below:

- The first contract, had a change order issued in which the cost of materials for the project increased by \$94,000. However, there was no supporting documentation for this increase in materials. In addition, this contract had a \$30,000 contingency that was paid without supporting documentation of what the contingency was used for.
- The second contract, had a change order issued in which the cost of materials for the project increased by \$50,000. However, there was no supporting documentation for this increase in materials. In addition, this contract had a \$50,000 contingency that was paid without supporting documentation of what the contingency was used for.

Based on this information, we have identified approximately \$224,000 in unsupported expenditures that could not be substantiated.

Criteria:

Per the NMAC, Title 1 Chapter 4, Part 1, there are specifications outlined regarding the contract process. Supporting documentation for all price changes should be maintained as adequate accounting records. Also, according to the New Mexico State Auditor Rule, Section 2.2.2.10 Subsection K, good accounting practices should be followed, which includes maintaining adequate accounting records for all transactions.

Cause:

Lack of adherence to procurement process, procedures, and standard accounting practices.

Effect:

Non-compliance with the New Mexico procurement code and unsupported expenditures in the amount of approximately \$224,000.

Recommendation:

We recommend the Department enforce the procurement code by sending electronic memorandums to department heads to remind employees of the New Mexico Administrative Code. We also recommend the Department implement a more thorough review process of supporting documentation for contract payments before disbursing the money.

Response:

As of August 4, 2009, the Cabinet Secretary sent a directive to all NMCD staff to ensure all staff process procurement transactions in compliance with the New Mexico Procurement Code and The New Mexico Administrative Code. The Department recognizes the importance of complying with all Statutes, Rules, and regulations as they pertain to procurements conducted using public funds. The Department's Procurement Section will ensure that all fiscal personnel are educated with the most current and correct processes that need to be taken so all procurements will be supported with thorough and transparent back-up documentation. The Department has already taken action by not allowing any contingency funds to be encumbered under any circumstances, prior to the vendor providing very detailed data to support change orders and/or price changes. The Department will also ensure that the Procurement and Accounts Payable Sections re-evaluate their review process to warrant that transactions are scrutinized in a complete, thorough manner prior to approval. In addition, the Procurement Section will stress to all field offices, the liability that the Department is undertaking when supporting transaction documentation is omitted.

09-02 Operating Lease Schedule of Future Minimum Lease Payments

Condition:

During operating lease test work, we identified 8 out of 29 leases in which the future minimum lease payments were not correctly calculated based on the original lease agreements and lease amendments. The total variance between the original and corrected schedule of future minimum lease payments was approximately \$63,000.

Criteria:

The New Mexico State Auditor Rule, Section 2.2.2.10 Subsection K, states that good accounting practices should be followed, which includes maintaining adequate accounting records for all transactions. The operating lease schedules maintained should agree to information from the original lease agreement.

Cause:

Lack of review of the lease amendments and original agreements to the schedule of future minimum lease payments.

Effect:

The footnote disclosure for the future minimum lease payments could have been misstated.

Recommendation:

We recommend the Department implement a more thorough review process surrounding this schedule of future minimum lease payments when compared to the lease amendments and original agreements.

Response:

The NMCD Probation and Parole Division will conduct a 100% audit of office leases to verify schedules of future minimum lease payment are accurate. If discrepancies are found the necessary steps will be taken on each lease schedule that requires changes.

09-03 Acquiring Capital Assets

Condition:

During the capital asset observation, we noted that 3 out of 10 capital assets tested did not have an asset identification tag.

Criteria:

According the State of New Mexico's Manual of Model Accounting Practices, FIN6, Section D4, state agencies shall mark or tag each capital asset at the time it is acquired with a unique number that identifies the agency and the specific asset.

Cause:

Capital assets are being placed into service without proper asset identification tags.

Effect:

The potential for misappropriation of capital assets is increased.

Recommendation:

We recommend the Department properly place identification tags on each capital asset as soon as it is purchased and place into service.

Response:

The Department concurs with the importance of placing identification tags on all capital assets. It is the Department's practice to maintain strong internal controls over capital assets; hence, we are in agreement that adequate tracking mechanisms within the Department need to be strengthened and practiced to ensure accountability of all assets coming into and leaving the agency's possession. The action to be taken by the Department is to stress and communicate to all Divisions and Business Offices the importance to placing identification tags on all capital assets as they are received and put into service.

C. FINDINGS – FEDERAL PROGRAMS

None

NEW MEXICO CORRECTIONS DEPARTMENT
Exit Conference
Year Ended June 30, 2009

An exit conference was held on Friday, December 11, 2009 and attended by the following:

New Mexico Corrections Department Personnel:

Joe R. Williams, Secretary of Corrections
Jolene M. Gonzales, Deputy Secretary of Administration/Chief Financial Officer
Pat S. Lopez, Deputy Director, Administrative Services Division
Raphael Torres, Bureau Chief, Financial Management Bureau
Bryan M. Maestas, CGFM, Accounting Manager, Financial Management Bureau
Vicki Trujillo, Accountant, Financial Management Bureau
Angelica Tafoya, Accountant, Financial Management Bureau
Rita Chavez, Budget Analyst, Administrative Services Division
Elizabeth Valdez, Business Manager, Probation and Parole Division
Joni Brown, Warden, Roswell Correctional Center

Meyners + Company LLC Personnel:

Patrick Wilkins, CPA, Assurance Principal
Laura Beltran-Schmitz, CPA, CFE, Senior Accountant
Ryan Jones, Staff Accountant