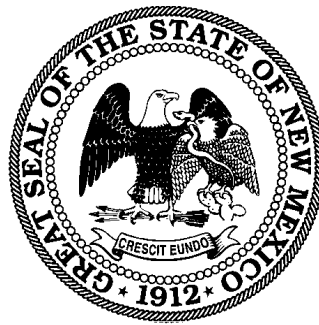


**State of New Mexico  
FY 2015 Statewide Cost Allocation Plan  
Section II:**

**Information on Internal Service Funds,  
Self Insurance Funds, and  
Other Billed Services**



**Based on Actual Revenues and Expenditures  
Incurred in the Fiscal Year Ended  
June 30, 2013**



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***CERTIFICATE OF COST ALLOCATION PLAN***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**Certificate of Cost Allocation Plan**

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

- (1) All costs included in the FY 2015 Statewide Cost Allocation Plan to establish cost allocations or billings for the fiscal year beginning July 1, 2014 and ending June 30, 2015 are allowable in accordance with the requirements of 2 CFR Part 225, Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87), and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
- (2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the awards to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare that the foregoing is true and correct.





Governmental Unit: State of New Mexico

Signature: \_\_\_\_\_

Name of Official: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Execution: \_\_\_\_\_

***OFFICE OF THE STATE AUDITOR***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**Office of the State Auditor**

**I. Service Description**

The Office of the State Auditor is responsible for the annual audit of the financial affairs of every governmental agency in the State in accordance with auditing standards generally accepted in the United States of America, and the performance of special audits as needed. The State Auditor uses Office personnel or independent auditors approved by the Office to perform required audits. The procurement of designated independent public accountants by state agencies is regulated and overseen by the Office. The Office provides training to government agencies and independent public accountants regarding the procurement process and applicable accounting and auditing standards. To ensure quality audits, the Office subjects all audit reports submitted by independent public accountants to a thorough review process before the reports are released, and performs working paper reviews on selected audits.

**II. Financial Statements**

All financial activities of the Office of the State Auditor are recorded in the separate financial statements. Financial statements for the Office are prepared and published by the State Auditor's Office. The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Position – the statement is presented in the State Auditor's financial statements on page 1.
2. Exhibit B: Statement of Activities – the statement is presented in the State Auditor's financial statements on page 2.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

A prior year adjustment of \$7,493 was recorded to correct a previous overstatement of liabilities associated with compensated absences. This adjustment is explained in the Notes to the Financial Statement on page 21, Note #14.

## **V. Billing Methodology**

Although the Office bills governmental agencies for some audit services it provides, the Office receives the majority of its funds from the State General Fund. The Office provides audited services at a lower amount than what private audit firms contracting with governmental entities charge. During fiscal year 2013, the Office charged \$90 per hour for audit services.

## **VI. Billing Rates**

The State Auditor's Office billing rate was \$90 per hour during the fiscal year ended June 30, 2013.

## **VII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Imputed Interest Earnings – Interest earnings on cash balances of the fund are not recorded in the fund. Therefore, in accordance with instructions provided by the Division of Cost Allocation of the U.S. Department of Health and Human Services (DHHS) with OMB A-87, imputed interest earnings have been calculated on the Fund's average cash balance utilizing the State Treasurer's average rate of return on short term investments for the year ended June 30, 2013. Exhibit D provides the calculation of the imputed interest earnings. Imputed interest income has been calculated on the average of beginning and ending cash balances and included in the reconciliations. The State does not agree with this method and hereby notifies DHHS that should the need arise may appeal the inclusion of the imputed revenue calculated in this manner in any calculation resulting in the payment of fund assets to the Federal government.
3. Treatment of Variances – Since the Office is approximately 80% funded by the General Fund, there are no positive variances.

This concludes the narrative information on the Office of the State Auditor. The previously noted exhibits are provided on the following pages.

**STATE OF NEW MEXICO  
OFFICE OF THE STATE AUDITOR  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
Petty Cash	\$100
Investment in General Fund Investment	776,381
Accounts Receivable, Net of Allowance	0
Due from Other State Agencies	0
Due from Local Governments	0
Total Current Assets	<u>776,481</u>
Noncurrent Assets:	
Capital Assets, Net of Accumulated Depreciation	<u>39,281</u>
<b>Total Assets</b>	<u><u>\$815,762</u></u>
<b>Liabilities:</b>	
Current Liabilities	
Accounts Payable	12,104
Payroll Benefits Payable	17,241
Payroll Taxes Payable	10,147
Accrued Payroll	21,555
Due to State General Fund	27,776
Due to Other State Agencies	0
State Dated Warrants	0
Accrued Compensated Absences	95,981
Total Current Liabilities	<u>184,804</u>
Long-Term Debt	
Compensated Absences Payable	<u>0</u>
<b>Total Liabilities</b>	<u>184,804</u>
<b>Net Assets:</b>	
Invested in Capital Assets	39,281
Restricted	0
Unrestricted	<u>591,677</u>
<b>Total Net Assets</b>	<u><u>\$630,958</u></u>
<b>Source of Information:</b>	
State Auditor's Financial Statements and Independent Auditor's Report - Page 1	

**STATE OF NEW MEXICO  
OFFICE OF THE STATE AUDITOR  
STATEMENT OF ACTIVITIES  
AS OF JUNE 30, 2013**

		<b>FUND TOTAL</b>
<b>Revenues</b>		
Program Revenues		
Audit Services		\$1,447,631
Miscellaneous Revenue		94
General Revenues		
State General Fund Appropriation		2,516,600
Reversions		(27,776)
Gain on Disposition of Property		680
Total Operating Revenues		<u>3,937,229</u>
<b>Expenses</b>		
Current Expenses		
Personal Services & Employee Benefits	\$2,180,779	
Contractual Services	1,172,683	
Loss on Disposition of Property	0	
Other Costs	<u>380,159</u>	3,733,621
Depreciation		<u>11,174</u>
Total Operating Expenses		<u>3,744,795</u>
Operating Income (Loss)		<u>192,434</u>
<b>Net Assets - Beginning of Year, as Previously Reported</b>		431,031
<b>Adjustments Applicable to Prior Year</b>		<u>7,493</u>
<b>Net Assets - End of Year</b>		<u><u>\$630,958</u></u>
<b>Source of Information:</b>		
State Auditor's Financial Statements and Independent Auditor's Report - Page 2		

STATE OF NEW MEXICO  
OFFICE OF THE STATE AUDITOR  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$1,067,099)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Audit Services	\$1,447,631		
Miscellaneous Revenue	94		
State General Fund Appropriation	2,516,600		
Gain on Disposition of Property	680		
Reversions	(27,776)		
Total Revenues			3,937,229
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses	3,733,621		
Depreciation	11,174		
Total Per Financial Statements			3,744,795
Deductions OMB A-87 Unallowable Costs			
Provision for Losses	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions			0
Additional OMB A-87 Allowable Costs			
FY 2012 SWCAP Costs	23,922		
Other	0		
Total Additions			23,922
OMB A-87 Allowable Expenditures			3,768,717
Adjustments:			
Prior Period Adjustments	(7,493)		
Imputed Interest Earnings (Exhibit D)	(1,467)		
Total Adjustments			(8,960)
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$889,627)
Allowable Reserve (60 days)	(B)		617,678
Excess Balance (A) - (B)			(1,507,305)

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Other Financing Sources	0		
Plus: Transfers In	0		
Less: Transfers Out	0		
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			1,498,130
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	0		
Additional OMB A-87 Allowable Costs	23,922		
Imputed Interest Earnings	(1,467)		
Total Adjustments			22,455
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		\$1,520,585

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$630,958
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**STATE OF NEW MEXICO  
OFFICE OF THE STATE AUDITOR  
IMPUTED INTEREST EARNINGS  
AS OF JUNE 30, 2013**

<u>DESCRIPTION</u>	<u>AMOUNTS</u>
A. Beginning Cash Balance - Balance on July 1, 2012	\$505,406
B. Ending Cash Balance - Balance on June 30, 2013	776,381
C. Average FY 2013 Cash Balance ((A+B)/2)	640,894
D. State Treasury Average Rate of Return for FY 2013	0.2289%
E. Imputed Interest Earnings for FY 2013 (C * D)	\$1,467

***PERA – PUBLIC EMPLOYEES RETIREMENT FUND***

**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**Public Employees Retirement Association  
Public Employees Retirement Fund**

**I. Service Description**

The Public Employees Retirement Association (PERA) administers the state's public employee retirement plans. PERA administers the following four plans/funds:

- Public Employees Retirement Fund (PERF) - The Fund is a cost-sharing, multiple employer defined benefit pension plan. The Fund has six divisions of members, including State General, State Police/Hazardous Duty, Municipal General, Municipal Police, Municipal Fire, and State Legislative Divisions; and offers 18 different coverage plans. Certain coverage plans are only applicable to a specific division. Eligibility for membership in PERF is set forth in State law. Each employee and elected official of every affiliated public employer is required to be a member, unless specifically excluded. All State employees are required to be a member in the Fund unless specifically excluded. Both members and their employers contribute to the Fund.
- Judicial Retirement Fund (JRF) - The Fund is a cost-sharing, multiple employer defined benefit pension plan. Eligibility for membership in JRF is set forth in State law. Every judge or justice becomes a member in the JRF upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded. Both members and their employers contribute to the Fund.
- Magistrate Retirement Fund (MRF) - The Fund is a cost-sharing, multiple employer defined benefit pension plan. Eligibility for membership in JRF is set forth in State law. Every judge magistrate becomes a member in the MRF upon election or appointment to office, unless an application for exemption has been appropriately filed or unless specifically excluded. Both members and their employers contribute to the Fund.
- Volunteer Firefighters Retirement Fund (VFRF) - The Fund is a cost-sharing, multiple employer defined benefit pension plan with a special funding situation. Eligibility for membership in VFRF is set forth in State law. Any volunteer, non-salaried firefighter who is listed as an active member on the rolls of a fire department and who meets certain age and service credit requirements set forth in the statute is eligible for membership in VFRF, unless specifically excluded.

Members do not make contributions to the Fund. State statutes require that the State Treasurer annually transfer funds from the Fire Protection Fund to VFRF.

- Deferred Compensation Plan (DCP) – The Plan permits employees to defer a portion of their income until future years. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. PERA is the trustee of the Plan. However, the Plan is administered by a third party administrator acting under contract with PERA. The Administrator has authority to control and manage the operation of the Plan. As Plan trustee, PERA’s responsibility is to select investment options that are safe and provide a reasonable rate of return and to ensure that all investments, amounts, property, and rights under the executed Plan-Trust are held for the exclusive benefit of Plan participants and their beneficiaries, as defined in the Plan.

## **II. Financial Statements**

PERA financial statements are prepared and published annually. A copy of PERA’s financial statements for the fiscal year ended June 30, 2013 is provided as a separate document. The following exhibits are provided in this document:

1. Exhibit A: Statements of Plan Net Assets – the statement is presented in PERA’s financial statements on pages 24 and 25.
2. Exhibit B: Statements of Changes in Plan Net Assets - the statement is presented in PERA’s financial statements on pages 26 and 27.

## **III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013 for the following funds: PERF, JRF, and MRF. In accordance with statutes the State Treasurer transferred in \$750,000 from the Fire Protection Fund to VFRF.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013 for any fund.

## **IV. Prior Year Adjustments**

There were no prior year adjustments to fund balances during the fiscal year ended June 30, 2013.

## **V. Billing Methodology**

Funding rates are developed based on information contained in the actuarial study of the various funds managed by PERA. In addition, costs associated with the administering

the funds and allocations from the State-wide cost allocation plan are included in developing rates.

**VI. Billing Rates**

A description of the contribution percentages for each fund by members and their employers is provided in Note 1, General Description of the Association and Retirement Funds, Paragraph C beginning on page 40 of the PERA Financial Statements.

**VII. Pension Fund Contribution Dates**

Payments by employers are made on a payroll ending date. Thus, because of the variety of employers whose employees are enrolled, the Fund receives contributions on a daily basis. For State General Fund employees, the contributions are made on a bi-weekly basis.

**VIII. Actuarial Report**

PERA's actuarial report is provided as a separate document.

This concludes the narrative information on the Public Employees Retirement Association. The previously noted exhibits are provided on the following pages.

**STATE OF NEW MEXICO**  
**PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO**  
**STATEMENT OF PLAN NET ASSETS**  
**AS OF JUNE 30, 2013**

	<u>PUBLIC EMPLOYEE</u>	<u>JUDICIAL</u>	<u>MAGISTRATE</u>	<u>VOLUNTEER FIREFIGHTERS</u>	<u>DEFERRED COMP.</u>	<u>TOTAL</u>
<b>Assets:</b>						
Cash	\$532,300,770	\$3,397,320	\$1,294,217	\$2,264,880	\$0	\$539,257,187
Receivables						
Accrued Investment Income	50,394,711	320,279	124,391	211,629	0	51,051,010
Accounts Receivable - Brokers	348,062,120	2,221,448	846,266	1,480,965	0	352,610,799
Contributions Receivable	33,997,925	314,300	73,374	0	0	34,385,599
Accounts Receivable - Other	329,204	0	0	0	0	329,204
Participant Loans Receivable	0	0	0	0	7,229,224	7,229,224
Due From Other Agencies	0	0	36,275	0	0	36,275
Interfund Receivable	402,855	0	0	0	0	402,855
Total Receivables	<u>433,186,815</u>	<u>2,856,027</u>	<u>1,080,306</u>	<u>1,692,594</u>	<u>7,229,224</u>	<u>446,044,966</u>
Investment In State General Fund Pool	5,633,053	616,625	1,032,782	47,463	0	7,329,923
Investments, at Fair Value						
U.S. Government/ Agency Securities	1,158,607,761	7,394,619	2,816,998	4,929,746	0	1,173,749,124
Municipal Bonds	33,347,965	212,838	81,081	141,892	0	33,783,776
Variable Earning Investments	0	0	0	0	281,962,370	281,962,370
Stable Value Option & Other	0	0	0	0	140,583,555	140,583,555
Corporate Equity Securities	3,535,788,553	22,566,577	8,596,791	15,044,385	0	3,581,996,306
Corporate Obligations	1,521,693,101	9,567,359	4,243,426	5,902,620	0	1,541,406,506
International Securities	3,288,429,334	20,987,848	7,995,371	13,991,899	0	3,331,404,452
Venture Capital and Partnerships	2,437,059,757	15,554,125	5,925,381	10,369,416	0	2,468,908,679
Alternative Investments	272,564,951	1,739,600	662,705	1,159,733	0	276,126,989
Other Assets	0	0	0	0	0	0
Subtotal	<u>12,253,124,475</u>	<u>78,639,591</u>	<u>31,354,535</u>	<u>51,587,154</u>	<u>422,545,925</u>	<u>12,837,251,680</u>
Securities Lending Collateral	333,803,964	2,130,448	811,599	1,420,300	0	338,166,311
Total Investments	<u>12,586,928,439</u>	<u>80,770,039</u>	<u>32,166,134</u>	<u>53,007,454</u>	<u>422,545,925</u>	<u>13,175,417,991</u>
Capital Assets, Net	13,065,907	0	0	0	0	13,065,907
Policyholder Account Value of Life Ins.	0	0	0	0	1,953,123	1,953,123
<b>Total Assets</b>	<u>13,565,481,931</u>	<u>87,023,386</u>	<u>34,540,657</u>	<u>56,964,928</u>	<u>431,728,272</u>	<u>14,175,739,174</u>
<b>Liabilities:</b>						
Accounts Payable - Brokers	479,420,032	3,059,818	1,165,645	2,039,879	0	485,685,374
Accounts Payable - Other	8,811,193	0	0	0	0	8,811,193
Accrued Expenses	97,979	0	0	0	0	97,979
Compensated Absences	291,873	0	0	0	0	291,873
Interfund Payable	0	203,138	81,675	118,042	0	402,855
Due to Other Agencies	17,795,733	0	0	0	0	17,795,733
Securities Lending Liability	351,251,118	2,241,801	854,020	1,494,534	0	355,841,473
<b>Total Liabilities</b>	<u>857,667,928</u>	<u>5,504,757</u>	<u>2,101,340</u>	<u>3,652,455</u>	<u>0</u>	<u>868,926,480</u>
<b>Net Assets Held in Trust for Pension Benefits</b>	<u>\$12,707,814,003</u>	<u>\$81,518,629</u>	<u>\$32,439,317</u>	<u>\$53,312,473</u>	<u>\$431,728,272</u>	<u>\$13,306,812,694</u>
<b>Source of Information:</b>						
	PERA Financial Statements - Pages 24 and 25					

STATE OF NEW MEXICO  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
AS OF JUNE 30, 2013

	<u>PUBLIC EMPLOYEE</u>	<u>JUDICIAL</u>	<u>MAGISTRATE</u>	<u>VOLUNTEER FIREFIGHTERS</u>	<u>DEFERRED COMP.</u>	<u>TOTAL</u>
<b>Additions:</b>						
Contributions						
Employer	\$285,560,291	\$3,527,270	\$805,337	\$0	\$0	\$289,892,898
Member	226,164,967	1,424,414	353,068	0	35,920,698	263,863,147
Fire Protection Fund	0	0	0	750,000	0	750,000
Service Credits Purchased	9,132,786	15,356	0	0	0	9,148,142
<b>Total Contributions</b>	<u>520,858,044</u>	<u>4,967,040</u>	<u>1,158,405</u>	<u>750,000</u>	<u>35,920,698</u>	<u>563,654,187</u>
Investment Income (Loss)						
Interest	118,160,264	751,985	297,976	494,117	2,597,093	122,301,435
Dividends	175,225,282	1,109,934	441,082	729,409	0	177,505,707
Net Appreciation in Fair Value	1,222,051,776	7,723,124	3,172,637	5,023,400	37,604,199	1,275,575,136
Other Investment Income	0	0	0	0	(11,456)	(11,456)
Securities Lending Income	(13,764,180)	(81,722)	(34,353)	(61,748)	0	(13,942,003)
<b>Subtotal</b>	<u>1,501,673,142</u>	<u>9,503,321</u>	<u>3,877,342</u>	<u>6,185,178</u>	<u>40,189,836</u>	<u>1,561,428,819</u>
Securities Lending Expenses	(356,839)	(2,277)	(868)	(1,518)	0	(361,502)
Other Investment Expenses	(27,742,657)	(177,063)	(67,453)	(118,042)	0	(28,105,215)
<b>Total Investment Income (Loss)</b>	<u>1,473,573,646</u>	<u>9,323,981</u>	<u>3,809,021</u>	<u>6,065,618</u>	<u>40,189,836</u>	<u>1,532,962,102</u>
Other Income	9,794,948	170,913	66,507	102,318	0	10,134,686
<b>Total Additions</b>	<u>2,004,226,638</u>	<u>14,461,934</u>	<u>5,033,933</u>	<u>6,917,936</u>	<u>76,110,534</u>	<u>2,106,750,975</u>
<b>Deductions:</b>						
Benefit Payments	842,710,962	8,224,778	3,379,097	968,742	36,193,619	891,477,198
Refunds to Terminated Employees	45,113,887	52,386	53,550	0	0	45,219,823
Life Insurance Premiums	0	0	0	0	91,787	91,787
Administrative Expenses	8,611,775	26,075	14,223	0	917,513	9,569,586
<b>Total Deductions</b>	<u>896,436,624</u>	<u>8,303,239</u>	<u>3,446,870</u>	<u>968,742</u>	<u>37,202,919</u>	<u>946,358,394</u>
<b>Change in Net Assets</b>	1,107,790,014	6,158,695	1,587,063	5,949,194	38,907,615	1,160,392,581
<b>Net Assets Held in Trust for</b>						
<b>Pension Benefits</b>						
Beginning of the Year	11,600,023,989	75,359,934	30,852,254	47,363,279	392,820,657	12,146,420,113
<b>End of the Year</b>	<u>\$12,707,814,003</u>	<u>\$81,518,629</u>	<u>\$32,439,317</u>	<u>\$53,312,473</u>	<u>\$431,728,272</u>	<u>\$13,306,812,694</u>
<b>Source of Information:</b>						
PERA Financial Statements - Pages 26 and 27						

***DOIT CENTRAL TELEPHONE SERVICES FUND***

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**State of New Mexico**  
**FY 2015 Statewide Cost Plan**  
**Section II Billed Costs Information**

**Department of Information Technology**  
**Central Telephone Services**

**I. Service Description**

The Central Telephone Services Fund is utilized to record all revenues and expenditures of both Communications Services (previously recorded in the Fund) and Information System Services (previously recorded in Fund 20330 – Office of Information Processing Fund).

Communications Services are those services associated with designing, establishing and maintaining voice and data systems for the New Mexico State government. Communication services are also available to local governmental entities. Services include telephone, wireless, radio and microwave, and data network services.

Information System Services are services associated with providing automated data processing services for State departments/agencies and other local and federal governmental units. Services include mainframe, open systems, enterprise application, and other information system services.

**II. Financial Statements**

Financial activities of the Division are recorded in a DoIT enterprise fund. The fund is Fund 20310, Central Telephone Services Fund. Financial statements for the Fund are presented in DoIT audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for enterprise funds under the heading of "Central Telephone Services - 20310". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in the DoIT Audit on page 25.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in the DoIT Audit on page 27.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There was a transfer in of \$8,234,840 for capital assets from the Equipment Replacement Fund (96880).
2. Non-operating transfers out to other funds – There was a non-operating transfers out of \$10,212,458 to the Equipment Replacement Fund during the fiscal year. This transfer is to establish funds for the future replacement and/or upgrading of equipment.

#### **IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

#### **V. Billing Methodology**

All costs, including an assessment from the Program Support Fund (Fund 20320), are identified and entered into a double step down cost allocation model. This model assigns costs of the various functions within the Fund to the various billing centers (rates).

At the beginning of the year, data from the cost allocation step down model is entered into another model that analyzes historical utilization data by billing service and anticipated usage based on customer needs and a billing rate by service is computed.

The actual cost of contracted services and the associated in-house staff and other costs are identified and documented. Costs associated with each type of service are then divided by the anticipated units of service to arrive at a rate by service. Two cost allocation analyses are performed during the year. The first one occurs in order to develop rates through expense projection and the second one occurs when the prior year's expenses are reviewed and rate amounts are judged to have been appropriate.

#### **VI. Billing Rates**

Exhibit G provides the billing rate in effect during the fiscal year ended June 30, 2013.

#### **VII. Analysis of Fund Balance by Service**

Exhibit F provides an analysis of the ending balances for each service and the calculation of the excess balance in accordance with DCA guidelines for each service.

#### **VII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87). The previous balances for Fund 20310 and Fund 20330 have been combined.
2. Profit and Loss Analysis by Billable Service – Exhibit E provides a summary of the profit or loss by billable service.
3. Imputed Interest Earnings – Exhibit D provides the calculation of the imputed interest earnings for the Fund. Interest earnings on cash balances of the Fund are not recorded in the Fund. Therefore, in accordance with instructions provided by the Division of Cost Allocation of the U.S. Department of Health and Human Services (DHHS), imputed interest earnings have been calculated on the Fund's average cash balance utilizing the State Treasurer's average rate of return on short term investments for the year ended June 30, 2013. Imputed interest income has been calculated on the average of beginning and ending cash balances and included in the reconciliations. The State does not agree with this method and hereby notifies DHHS that should the need arise may appeal the inclusion of the imputed revenue calculated in this manner

in any calculation resulting in the payment of fund assets to the Federal government. Imputed interest earnings have been distributed to each bureau based on the ratio of their revenues to total revenues of the Fund.

4. Treatment of Variances - The intent of the legislation creating the Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with operating the Fund. Therefore, any over/under recovery of costs will be included in subsequent rate calculations.

This concludes the narrative information on the DoIT Central Telephone Services Fund. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013

CENTRAL TELEPHONE SERVICE (20310)

	<u>FUND TOTAL</u>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$7,509,969
Accounts Receivable, Net	12,163,281
Due from Other State Agencies	9,968
Due from Other Funds	404,682
Other Assets	482
Total Current Assets	<u>20,088,382</u>
Noncurrent Assets:	
Capital Assets (Net)	
Buildings and Improvements	6,350,601
Auto and Trucks	2,390
Machine & Equipment	10,385,452
Data Processing	6,300,796
Construction in Progress	5,368,056
Furniture & Fixtures	15,962
Total Noncurrent Assets	<u>28,423,257</u>
<b>Total Assets</b>	<u><u>\$48,511,639</u></u>
<b>Liabilities:</b>	
Current Liabilities	
Accounts Payable	\$2,474,118
Accrued Salaries and Benefits Payable	195,577
Compensated Absences - Current	96,513
Due to the Federal Government	0
Accrued Interest	0
Due to Other Funds	16,862,444
Capital Lease Obligations - Current	0
Due to Other State Agencies	148,276
Total Current Liabilities	<u>19,776,928</u>
Non Current Liabilities	
Compensated Absences Payable	<u>437,875</u>
<b>Total Liabilities</b>	<u>20,214,803</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	28,423,257
Unrestricted	<u>(126,421)</u>
<b>Total Net Assets</b>	<u>28,296,836</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$48,511,639</u></u>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Page 25	

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013

CENTRAL TELEPHONE SERVICE (20310)

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$44,778,639
Other Revenue		891,386
Total Operating Revenues		<u>45,670,025</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services		9,384,989
Contractual Services		6,108,519
Other Costs		23,826,078
Total Current Expenses		<u>39,319,586</u>
Depreciation		10,212,458
Total Operating Expenses		<u>49,532,044</u>
Operating Income (Loss)		<u>(3,862,019)</u>
<b>Non-Operating (Expenses)</b>		
Investment Income		0
Loss on Disposal of Capital Assets		0
Interest Expense		0
Total Non-Operating		<u>0</u>
<b>Other Financing Sources (Uses)</b>		
State General Fund Appropriations		0
Transfers In:		
Transfer of Capital Assets	8,234,840	
Closeout Fund 20330	<u>0</u>	8,234,840
Transfers Out:		
Program Support Assessment	(2,810,818)	
Equipment Replacement	(10,212,458)	
Other - GSD Capital Projects Fund	<u>(100,000)</u>	(13,123,276)
Transfers From Other Agencies		<u>0</u>
Transfers To Other Agencies		<u>(4,888,436)</u>
Total Other Financing Sources		
Change in Net Assets		(8,750,455)
<b>Net Assets - Beginning of Year, as Previously Reported</b>		38,015,067
<b>Restatement</b>		<u>(967,776)</u>
<b>Net Assets - Beginning of Year, as Restated</b>		37,047,291
<b>Net Assets - End of Year</b>		<u><u>\$28,296,836</u></u>

**Source of Information:**

Independent Accountant's Reports and Financial Statements - Page 27

**STATE OF NEW MEXICO  
CENTRAL TELEPHONE SERVICE (20310)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013**

<b>PART I OMB A-87 RETAINED EARNINGS BALANCE</b>			
OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$21,535,471)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue		\$44,778,639	
Other Revenue		<u>891,386</u>	
Total Revenues			45,670,025
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses		39,319,586	
Depreciation		10,212,458	
Loss on Disposal of Capital Assets		0	
Internal Fund Transfers - Program Support (Fund 20320)		2,810,818	
Internal Fund Transfers - Equip. Replacement (Fund 96880)		10,212,458	
Operating Transfer for Data Center		100,000	
Total Per Financial Statements		<u>62,655,320</u>	
Deductions OMB A-87 Unallowable Costs			
Bad Debt Expense		0	
Transfers - Equipment Replacement Fund	(10,212,458)		
Total Deductions			(10,212,458)
Additional OMB A-87 Allowable Costs			
FY 2013 SWCAP Costs	113,869		
Other	<u>0</u>		
Total Additions		<u>113,869</u>	
OMB A-87 Allowable Costs			52,556,731
Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit E)		<u>(20,055)</u>	
Total Adjustments			<u>(20,055)</u>
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$28,402,122)
Allowable Reserve (60 days / 365 days)	(B)		6,960,702
Excess Balance (A) - (B)			(35,362,824)
<b>PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE</b>			
OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			
TOTAL CONTRIBUTED CAPITAL BALANCE			44,381,156
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfer In - Transfer of Capital Assets		8,234,840	
Less: Transfers Out		<u>(100,000)</u>	
Net Transfers			<u>8,134,840</u>
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$52,515,996
<b>PART III OMB A-87 ADJUSTMENTS BALANCE</b>			
OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			
TOTAL ADJUSTMENTS BALANCE			15,169,382
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs		(10,212,458)	
Additional OMB A-87 Allowable Costs		113,869	
Imputed Interest Earnings		<u>(20,055)</u>	
Total Adjustments			<u>(10,118,644)</u>
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		\$5,050,738
<b>PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL &amp; ADJUST BALANCES TO CAFR BALANCE</b>			
RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$29,164,612

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
IMPUTED INTEREST EARNINGS  
AS OF JUNE 30, 2013

CENTRAL TELEPHONE SERVICE (20310)

DESCRIPTION	TOTAL FUND
A. Beginning Cash Balance - Balance on July 1, 2012	\$10,013,313
B. Ending Cash Balance - Balance on June 30, 2013	\$7,509,969
C. Average FY 2013 Cash Balance $((A+B)/2)$	8,761,641
D. State Treasury Average Rate of Return for FY 2013	0.2289%
E. Imputed Interest Earnings for FY 2013 $(C * D)$	\$20,055

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
CENTRAL TELEPHONE SERVICE (20310)

PROFIT/LOSS ANALYSIS BY BILLABLE SERVICE  
AS OF JUNE 30, 2013

BILLABLE SERVICE	REVENUES			OMB A-87 ALLOWABLE COSTS			PROFIT (LOSS)
	PER FINANCIAL	IMPUTED INTEREST *	TOTAL	OPERATING	DEPREC.	TOTAL	
<b>COMMUNICATIONS SERVICES</b>							
<b>Telephone Services</b>							
Dial Tone	\$1,835,682	\$806	\$1,836,488	\$2,699,077	\$587,352	\$3,286,429	(\$1,449,941)
Basic Deskset	5,646,957	2,480	5,649,436	8,316,404	1,781,688	10,098,092	(4,448,656)
Reception Phone	69,400	30	69,430	102,332	21,663	123,995	(54,564)
Long Distance Toll	418,687	184	418,871	353,876	27,570	381,446	37,425
Toll Free Service	1,193,604	524	1,194,128	1,120,117	78,598	1,198,716	(4,587)
Automatic Call Distribution	159,263	70	159,333	279,323	20,052	299,375	(140,042)
Conference Calling (unattended)	171,215	75	171,290	138,877	9,934	148,811	22,479
Conference Calling (standard)	0	0	0	0	0	0	0
Conference Calling - Misc	11	0	11	3	0	3	8
IVR	226,873	100	226,973	273,440	19,154	292,594	(65,621)
Voice Miscellaneous	897,190	394	897,584	842,690	59,080	901,769	(4,185)
Voice Mail	1,485,591	652	1,486,243	2,187,878	468,697	2,656,575	(1,170,331)
Subtotal	12,104,473	5,315	12,109,788	16,314,016	3,073,788	19,387,805	(7,278,016)
<b>Wireless Services</b>							
Unlimited Push-to-Talk	486	0	486	1,083	91	1,174	(688)
Basic Access Fee	1,033,360	454	1,033,814	1,127,972	79,351	1,207,323	(173,509)
Enhanced Access Fee	256,536	113	256,649	282,971	20,166	303,137	(46,488)
PDA Access Fee	1,597,301	701	1,598,002	1,669,939	121,934	1,791,873	(193,870)
Broadband Access Fee	863,870	379	864,249	950,932	67,345	1,018,276	(154,027)
PDA Data Only	10,560	5	10,565	12,080	847	12,928	(2,363)
Wireless Equip. and Misc. Charges	305,327	134	305,462	204,942	0	204,942	100,520
Data Tethering Service	29,520	13	29,533	32,226	2,649	34,875	(5,342)
Subtotal	4,096,960	1,799	4,098,760	4,282,145	292,382	4,574,527	(475,768)
<b>Radio and Microwave Services</b>							
Local Base	520,992	229	521,221	415,836	228,876	644,712	(123,491)
Remote Base	2,074,849	911	2,075,760	1,656,064	911,499	2,567,564	(491,804)
Single Channel Console	176,760	78	176,838	141,083	77,652	218,735	(41,898)
Multi-Channel Console	352,728	155	352,883	281,534	154,957	436,490	(83,607)
Mobile Radio	1,196,721	526	1,197,247	955,176	525,730	1,480,907	(283,660)
Mobile Radio with Repeater	2,108,580	926	2,109,506	1,682,987	926,318	2,609,305	(499,799)
Radio Pager	0	0	0	0	0	0	0
Portable Radio	397,848	175	398,023	317,547	174,778	492,325	(94,302)
Telemotes	4,536	2	4,538	3,620	1,993	5,613	(1,075)
Maintenance of Equipment	134,903	59	134,962	107,674	59,264	166,938	(31,976)
Subtotal	6,967,917	3,060	6,970,977	5,561,522	3,061,068	8,622,589	(1,651,613)
<b>Data Network Services</b>							
WAN Edge Connection	6,621,087	2,908	6,623,994	5,734,184	1,918,689	7,652,873	(1,028,879)
Netwrk Engineering and Design	0	0	0	0	0	0	0
Internet Access Service	198,595	87	198,682	89,781	6,340	96,121	102,561
Spaceport Direct	0	0	0	0	0	0	0
Subtotal	6,819,682	2,995	6,822,677	5,823,965	1,925,030	7,748,994	(926,318)
<b>Subtotal Communications</b>	<b>29,989,032</b>	<b>13,169</b>	<b>30,002,201</b>	<b>31,981,648</b>	<b>8,352,268</b>	<b>40,333,916</b>	<b>(10,331,715)</b>

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
CENTRAL TELEPHONE SERVICE (20310)

PROFIT/LOSS ANALYSIS BY BILLABLE SERVICE  
AS OF JUNE 30, 2013

BILLABLE SERVICE	REVENUES			OMB A-87 ALLOWABLE COSTS			PROFIT (LOSS)
	PER FINANCIAL	IMPUTED INTEREST *	TOTAL	OPERATING	DEPREC.	TOTAL	
<b>INFORMATION SYSTEMS SERVICES</b>							
<b>Mainframe Services</b>							
General CPU	4,228,615	1,857	4,230,472	1,767,840	404,586	2,172,426	2,058,046
Database CPU	1,813,843	797	1,814,640	1,154,974	173,545	1,328,519	486,121
CICS CPU	2,586,585	1,136	2,587,721	1,653,222	247,480	1,900,701	687,020
Subtotal	8,629,044	3,789	8,632,833	4,576,036	825,611	5,401,646	3,231,186
Disk Occupancy	703,269	309	703,578	467,236	81,622	548,858	154,720
Tape Occupancy	478,734	210	478,944	661,121	93,067	754,189	(275,245)
Print Pages	103,370	45	103,415	75,160	35,106	110,266	(6,850)
Subtotal	1,285,372	564	1,285,937	1,203,517	209,795	1,413,312	(127,375)
<b>Open Systems</b>							
Winserver Dedicated	0	0	0	0	0	0	0
Rack Unit Fee	536,441	236	536,677	236,500	428,876	665,376	(128,700)
Server System Administration	164,700	72	164,772	113,479	13,401	126,881	37,892
San Storage	227,852	100	227,952	185,359	21,858	207,217	20,735
Tier 1 San Storage	0	0	0	0	0	0	0
Tier 2 San Storage	0	0	0	0	0	0	0
Open Systems Backup	284,912	125	285,037	254,693	82,373	337,066	(52,029)
Subtotal	1,213,905	533	1,214,438	790,032	546,508	1,336,541	(122,102)
<b>Enterprise Application Services</b>							
Mailbox Fee	1,751,736	769	1,752,505	2,042,557	115,459	2,158,016	(405,511)
Mailbox Extra Storage	6,712	3	6,715	7,980	483	8,464	(1,749)
Blackberry Service	21,940	10	21,950	55,273	3,139	58,413	(36,463)
File & Print Service	321,195	141	321,336	155,304	21,977	177,281	144,055
Agency Application Systems Maint.	69,675	31	69,706	69,675	0	69,675	31
Managed Desktop	68,550	30	68,580	68,550	0	68,550	30
Application Systems Development	56,862	25	56,887	56,862	0	56,862	25
Wireless LAN	3,276	1	3,277	3,276	0	3,276	1
Certiclear	74,803	33	74,836	74,803	0	74,803	33
Web Hosting Service Fee	198,861	87	198,948	131,088	16,398	147,486	51,462
Subtotal	2,573,609	1,130	2,574,740	2,665,370	157,456	2,822,826	(248,086)
<b>Other Services</b>							
IDMS	1,159,743	509	1,160,252	1,071,295	120,820	1,192,115	(31,863)
IVR Direct	0	0	0	0	0	0	0
Oracle Direct	0	0	0	0	0	0	0
Training	56,250	25	56,275	56,250	0	56,250	25
Subtotal	1,215,993	534	1,216,527	1,127,545	120,820	1,248,365	(31,838)
<b>Subtotal Information Systems</b>	<b>14,917,924</b>	<b>6,551</b>	<b>14,924,475</b>	<b>10,362,500</b>	<b>1,860,190</b>	<b>12,222,691</b>	<b>2,701,784</b>
<b>Other</b>							
Prior Year Adjustments	(19,031)	(8)	(19,039)	0	0	0	(19,039)
Misc	(109,286)	(48)	(109,334)	0	0	0	(109,334)
Other	891,386	391	891,777	125	0	125	891,652
Subtotal Other	763,069	335	763,404	125	0	125	763,279
<b>Grand Total</b>	<b>\$45,670,025</b>	<b>\$20,055</b>	<b>\$45,690,080</b>	<b>\$42,344,273</b>	<b>\$10,212,458</b>	<b>\$52,556,731</b>	<b>(\$6,866,651)</b>

\* Imputed Interest earnings are allocated based on financial revenues.

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY

CENTRAL TELEPHONE SERVICE (20310)  
ANALYSIS OF FUND BALANCES BY SERVICE

CURRENT SERVICE TITLE	FY 2012 ENDING BALANCE	FY 2013 PROFIT/LOSS EXHIBIT D	FY 2013 ENDING BALANCE	OMB A-87 ALLOWABLE RESERVE		FY 2013 EXCESS BALANCE
				FY 2013 OPERATING COSTS EXHIBIT E	ALLOWABLE RESERVE 60 DAYS DIVIDED BY 365	
<b>COMMUNICATIONS SERVICES</b>						
<b>Telephone Services</b>						
Dial Tone	\$400,882	(\$1,449,941)	(\$1,049,059)	\$2,699,077	\$443,684	(\$1,492,743)
Basic Deskset	(1,424,808)	(4,448,656)	(5,873,464)	8,316,404	1,367,080	(7,240,544)
Reception Phone	(17,313)	(54,564)	(71,877)	102,332	16,822	(88,699)
Telephone Moves, Add, & Changes	499	0	499	0	0	499
Misc Equip & Supplies	0	0	0	0	0	0
Long Distance Toll	(454,781)	37,425	(417,356)	353,876	58,171	(475,528)
Toll Free Service	(453,194)	(4,587)	(457,781)	1,120,117	184,129	(641,910)
Automatic Call Distribution	0	(140,042)	(140,042)	279,323	45,916	(185,958)
Conference Calling (unattended)	11,455	22,479	33,934	138,877	22,829	11,105
Conference Calling (standard)	16	0	16	0	0	16
Conference Calling - Misc	15,327	8	15,335	3	0	15,334
IVR	0	(65,621)	(65,621)	273,440	44,949	(110,571)
Voice Miscellaneous	0	(4,185)	(4,185)	842,690	138,524	(142,709)
Voice Mail	(515,557)	(1,170,331)	(1,685,888)	2,187,878	359,651	(2,045,540)
Subtotal	(2,437,474)	(7,278,016)	(9,715,490)	16,314,016	2,681,756	(12,397,247)
<b>Wireless Voice Services</b>						
Unlimited Push-to-Talk	(516)	(688)	(1,204)	1,083	178	(1,382)
Basic Access Fee	(190,194)	(173,509)	(363,703)	1,127,972	185,420	(549,123)
Enhanced Access Fee	(75,844)	(46,488)	(122,332)	282,971	46,516	(168,848)
PDA Access Fee	(314,290)	(193,870)	(508,160)	1,669,939	274,511	(782,671)
Broadband Access Fee	(170,369)	(154,027)	(324,396)	950,932	156,318	(480,714)
PDA Data Only	(3,002)	(2,363)	(5,365)	12,080	1,986	(7,351)
Wireless Equip. and Misc. Charges	35,241	100,520	135,761	204,942	33,689	102,071
Data Tethering Service	(9,536)	(5,342)	(14,878)	32,226	5,297	(20,176)
Subtotal	(728,510)	(475,768)	(1,204,278)	4,282,145	703,914	(1,908,192)
<b>Radio and Microwave Services</b>						
Local Base	(111,514)	(123,491)	(235,005)	415,836	68,357	(303,362)
Remote Base	170,025	(491,804)	(321,779)	1,656,064	272,230	(594,008)
Single Channel Console	14,286	(41,898)	(27,612)	141,083	23,192	(50,803)
Multi-Channel Console	12,912	(83,607)	(70,695)	281,534	46,280	(116,975)
Mobile Radio	282,325	(283,660)	(1,335)	955,176	157,015	(158,350)
Mobile Radio with Repeater	77,266	(499,799)	(422,533)	1,682,987	276,655	(699,188)
Radio Pager	(72,369)	0	(72,369)	0	0	(72,369)
Portable Radio	11,988	(94,302)	(82,314)	317,547	52,199	(134,514)
Telemotes	0	(1,075)	(1,075)	3,620	595	(1,670)
Maintenance of Equipment	(59,178)	(31,976)	(91,154)	107,674	17,700	(108,854)
Subtotal	325,741	(1,651,613)	(1,325,872)	5,561,522	914,223	(2,240,094)
<b>Data Network Services</b>						
WAN Edge Connection	(9,393,795)	(1,028,879)	(10,422,674)	5,734,184	942,606	(11,365,280)
Network Engineering and Design	1	0	1	0	0	1
Internet Access Service	(394,974)	102,561	(292,413)	89,781	14,758	(307,171)
Spaceport Direct	394	0	394	0	0	394
Subtotal	(9,788,374)	(926,318)	(10,714,692)	5,823,965	957,364	(11,672,056)
<b>Abandoned Services</b>						
WEBX Toll	(2,001)	0	(2,001)	0	0	(2,001)
Microwave Channel End	(157,646)	0	(157,646)	0	0	(157,646)
Mobile Unit Installation	(35,420)	0	(35,420)	0	0	(35,420)
Other Mobile Maintenance	(26,532)	0	(26,532)	0	0	(26,532)

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY

CENTRAL TELEPHONE SERVICE (20310)  
ANALYSIS OF FUND BALANCES BY SERVICE

CURRENT SERVICE TITLE	FY 2012 ENDING BALANCE	FY 2013 PROFIT/LOSS EXHIBIT D	FY 2013 ENDING BALANCE	OMB A-87 ALLOWABLE RESERVE		FY 2013 EXCESS BALANCE
				FY 2013 OPERATING COSTS EXHIBIT E	ALLOWABLE RESERVE 60 DAYS DIVIDED BY 365	
Dispatch Fees	(359,639)	0	(359,639)	0	0	(359,639)
Subtotal	(581,238)	0	(581,238)	0	0	(581,238)
<b>Subtotal Communications</b>	<b>(13,209,855)</b>	<b>(10,331,715)</b>	<b>(23,541,570)</b>	<b>31,981,648</b>	<b>5,257,257</b>	<b>(28,798,827)</b>
<b>INFORMATION SYSTEMS SERVICES</b>						
<b>Mainframe Services</b>						
General CPU	156,559	2,058,046	2,214,605	1,767,840	290,604	1,924,001
Database CPU	(947,301)	486,121	(461,180)	1,154,974	189,859	(651,039)
CICS CPU	(312,938)	687,020	374,082	1,653,222	271,762	102,319
Subtotal	(1,103,680)	3,231,186	2,127,506	4,576,036	752,225	1,375,281
Disk Occupancy	141,172	154,720	295,892	467,236	76,806	219,086
Tape Occupancy	604	(275,245)	(274,641)	661,121	108,678	(383,318)
Print Pages	(2,119,732)	(6,850)	(2,126,582)	75,160	12,355	(2,138,937)
Subtotal	(1,977,956)	(127,375)	(2,105,331)	1,203,517	197,838	(2,303,170)
<b>Open Systems</b>						
Winserver Dedicated	(200,208)	0	(200,208)	0	0	(200,208)
Rack Unit Fee	381,628	(128,700)	252,928	236,500	38,877	214,052
Server System Administration	(875,763)	37,892	(837,871)	113,479	18,654	(856,525)
Tier 1 San Storage	(558,228)	20,735	(537,493)	185,359	30,470	(567,963)
Tier 2 San Storage	(135,006)	0	(135,006)	0	0	(135,006)
Open Systems Backup	(558,286)	(52,029)	(610,315)	254,693	41,867	(652,183)
Subtotal	(1,945,863)	(122,102)	(2,067,965)	790,032	129,868	(2,197,834)
<b>Enterprise Application Services</b>						
Mailbox Fee	(2,037,408)	(405,511)	(2,442,919)	2,042,557	335,763	(2,778,681)
Mailbox Extra Storage	0	(1,749)	(1,749)	7,980	1,312	(3,061)
Blackberry Service	(17,436)	(36,463)	(53,899)	55,273	9,086	(62,985)
File & Print Service	(738,946)	144,055	(594,891)	155,304	25,529	(620,421)
Agency Application Systems Maint.	(1,917,779)	31	(1,917,748)	69,675	11,453	(1,929,202)
Managed Desktop	265	30	295	68,550	11,268	(10,973)
Application Systems Development	52	25	77	56,862	9,347	(9,270)
Wireless LAN	0	1	1	3,276	539	(537)
Certiclear	0	33	33	74,803	12,296	(12,264)
Web Hosting Service Fee	(265,580)	51,462	(214,118)	131,088	21,549	(235,667)
Subtotal	(4,976,832)	(248,086)	(5,224,918)	2,665,370	438,143	(5,663,061)
<b>Other Services</b>						
IDMS	(86,264)	(31,863)	(118,127)	1,071,295	176,103	(294,230)
IVR Direct	35	0	35	0	0	35
Oracle Direct	(214,699)	0	(214,699)	0	0	(214,699)
Training	46	25	71	56,250	9,247	(9,176)
Subtotal	(300,882)	(31,838)	(332,720)	1,127,545	185,350	(518,070)
<b>Abandoned and Non Billed Services</b>						
Storage Server Fee	(175,062)		(175,062)		0	(175,062)
Discontinued Services	(12,114,398)		(12,114,398)		0	(12,114,398)
Non Billed Services	13,223,535		13,223,535		0	13,223,535
Subtotal	934,075	0	934,075	0	0	934,075
<b>Subtotal Information Systems Services</b>	<b>(9,371,138)</b>	<b>2,701,784</b>	<b>(6,669,354)</b>	<b>10,362,500</b>	<b>1,703,425</b>	<b>(8,372,779)</b>

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
CENTRAL TELEPHONE SERVICE (20310)  
ANALYSIS OF FUND BALANCES BY SERVICE

CURRENT SERVICE TITLE	FY 2012 ENDING BALANCE	FY 2013 PROFIT/LOSS EXHIBIT D	FY 2013 ENDING BALANCE	OMB A-87 ALLOWABLE RESERVE		FY 2013 EXCESS BALANCE
				FY 2013 OPERATING COSTS EXHIBIT E	ALLOWABLE RESERVE 60 DAYS DIVIDED BY 365	
<b>Other</b>						
Prior Year Adjustments	67,585	(19,039)	48,546	0	0	48,546
Misc	15,341	(109,334)	(93,993)	0	0	(93,993)
Other	<u>962,593</u>	<u>891,652</u>	<u>1,854,245</u>	<u>125</u>	<u>21</u>	<u>1,854,225</u>
Subtotal Other	<u>1,045,519</u>	<u>763,279</u>	<u>1,808,798</u>	<u>125</u>	<u>21</u>	<u>1,808,778</u>
<b>Total Fund</b>	<u>(\$21,535,474)</u>	<u>(\$6,866,651)</u>	<u>(\$28,402,125)</u>	<u>\$42,344,273</u>	<u>\$6,960,702</u>	<u>(\$35,362,828)</u>

\* Working capital costs determined by deducting depreciation from total service costs.

\*\* Reserve determined by multiplying working capital costs by 60 and dividing by 365.

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
CENTRAL TELEPHONE SERVICE (20310)  
FY 2013 BILLING RATES

SERVICE	BILLING UNIT DESCRIPTION	BILLING RATE
<b>COMMUNICATIONS SERVICES</b>		
<b>Telephone Services</b>		
Dail Tone	unit per month	\$26.00
Basic Deskset	unit per month	\$31.00
Reception Phone	unit per month	\$50.00
Telephone Moves, Adds, & Changes		Discontinued
Misc Equip & Supplies Telephone Moves, Adds, & Changes	actual costs	Actual Cost
Long Distance	metered = per min	\$0.035
Toll Free Service	metered = per min	\$0.035
Automatic Call Distribution	metered = per month	\$32.20
Conference Calling (unattended)	metered = per min	\$0.06
Conference Calling (standard)	metered = per min	\$0.15
Conference Calling - Misc.	actual costs	Actual Cost
Voice Mail	unit per month	\$9.50
WebX Toll Charges	per minute	\$0.06
IVR	metered = per min	\$0.05
<b>Wireless Voice Services</b>		
Unlimited Push to Talk	unit per month	\$6.00
Basic Access Fee	unit per month	\$40.00
Enhanced Access Fee	unit per month	\$56.00
PDA Access Fee	unit per month	\$79.00
Broadband Access Fee	unit per month	\$49.00
PDA Data Only	unit per month	\$48.00
Wireless Equipment and Misc Charges	actual charges	Actual Cost
Data Tethering Service	unit per month	\$12.00
<b>Radio and Microwave Services</b>		
Local Base	unit per month	\$216.00
Remote Base	unit per month	\$823.00
Single Channel Console	unit per month	\$491.00
Multi-Channel Console	unit per month	\$1,278.00
Mobile Radio	unit per month	\$63.00
Mobile Radio With Repeater	unit per month	\$311.00
Radio Pager		Discontinued
Portable Radio	unit per month	\$121.00
Telemote	unit per month	\$63.00
<b>Data Network Services</b>		
WAN Edge Connection	actual cost	Actual Cost
Netwrk Engineering and Design (per/hr)	set rate per hour	\$88.00
Internet Access Service	per FTE per month	\$0.75
<b>INFORMATION SYSTEMS SERVICES</b>		
<b>Mainframe Services</b>		
General CPU	CPU second	\$0.16
Database CPU	CPU second	\$1.49
CICS CPU	CPU second	\$0.55
Disk Occupancy	per GB per day	\$0.61
Tape Occupancy	per dataset	\$0.0040
Print Pages	per page	\$0.08

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
CENTRAL TELEPHONE SERVICE (20310)  
FY 2013 BILLING RATES

SERVICE	BILLING UNIT DESCRIPTION	BILLING RATE
<b>Open Systems</b>		
Winserver Dedicated	units (servers)per month	\$550.00
Rack Unit Fee	units per month	\$21.75
Server Sys Admin	units per month	\$450.00
Tier 1 San Storage		Discontinued
Tier 2 San Storage		Discontinued
San Storage	per GB per month	\$0.50
Open Systems Backup	GB per month (used)	\$2.39
<b>Enterprise Application Services</b>		
Mailbox Fee	box per month (unit)	\$8.00
Mailbox Extra Storage	100 mg per month (unit of 100mg)	\$6.80
Blackberry Service Fee	unit per month	\$5.00
File & Print Service	unit per month	\$49.00
Agency Appl Sys Maintenance	annual subscription	Actual Cost
Desktop Support (per/hr)	set rate per hour	\$47.00
Appl System Development (per/hr)	set rate per hour	\$81.00
Web Hosting Service Fee	site per month (unit)	\$235.06
<b>Other Services</b>		
IDMS	actual cost	Actual Cost
Oracle License Fee	actual cost	Actual Cost
Training	actual cost	Actual Cost

***DOIT STATEWIDE HUMAN RESOURCES, ACCOUNTING AND  
MANAGEMENT REPORTING SYSTEM FUND***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**Department of Information Technology  
Statewide Human Resources, Accounting and Management Reporting System Fund**

**I. Service Description**

The Human Resources System was operated and maintained by the Office of Information Processing (OIP) of the Department of Information Technology (DoIT) through June 30, 2009. Effective July 1, 2009, the Human Resources System was replaced by the Statewide Human Resources, Accounting and Management Reporting System (SHARE). SHARE combines the State's human resource, payroll, accounting, and management reporting functions into an integrated statewide system. SHARE provides users with the tools to manage and pay employees, allocate personnel and related costs, and manage revenues and expenditures. DoIT provides professional technical services, and operations are administered jointly by the Department of Finance and Administration and the State Personnel Office. Costs are recovered through assessments, based on a per-employee cost, to all agencies utilizing SHARE.

**II. Financial Statements**

Financial activities of SHARE are recorded in a DoIT enterprise fund. The fund is Fund 20360. Financial statements for the Fund are presented in DoIT audited Independent Accountants' Reports and Financial Statements under the heading "ISD-OIP-Human Resources - 20360. The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in the DoIT Audit on page 25.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets - the statement is presented in the DoIT Audit on page 27.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There was a transfer in of \$370,874 for capital assets from the Equipment Replacement Fund (96880).
2. Non-operating transfers out to other funds – There was a non-operating transfer out of \$3,608,702 to the Equipment Replacement Fund (96880) during the fiscal year. This transfer is to establish funds for the future replacement and/or upgrading to SHARE.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year.

**V. Billing Methodology**

Each department/agency is assessed a fee per authorized full time equivalent position (FTE). The assessment is made at the beginning of each fiscal year.

**VI. Billing Rates**

The SHARE assessment per FTE for the fiscal year ending June 30, 2013 was \$250.00.

**VII. Reconciliation**

1. Fund Reconciliation - A reconciliation of the Fund's retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87) is provided in the previous section, DoIT Human Resources Fund.
2. Treatment of Variances - The intent of the legislation creating the Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with operating SHARE. Therefore, any over/under recovery of costs will be included in subsequent rate calculations.

This concludes the narrative information on the DoIT Statewide Human Resources, Accounting, and Management Reporting System. The Exhibit A is provided on the following page.

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

STATEWIDE HUMAN RESOURCES, ACCOUNTING AND  
MANAGEMENT REPORTING SYSTEM FUND (FUND 20360)

	<u>FUND TOTAL</u>
<b>Assets:</b>	
Current Assets:	
Cash	\$2,568,561
Accounts Receivable, Net	129,265
Due from Other State Agencies	70,767
Due from Other Funds	19,807
Other Assets	0
Total Current Assets	<u>2,788,400</u>
Noncurrent Assets:	
Data Processing	12,825,101
Construction in Progress	370,874
Other	0
Total Noncurrent Assets	<u>13,195,975</u>
<b>Total Assets</b>	<u><u>\$15,984,375</u></u>
<b>Liabilities:</b>	
Current Liabilities	
Accounts Payable	558,852
Accrued Salaries and Benefits Payable	16,355
Compensated Absences - Current	4,114
Due to Other Funds	3,608,702
Total Current Liabilities	<u>4,188,023</u>
Noncurrent Liabilities	
Compensated Absences Payable	<u>32,305</u>
<b>Total Liabilities</b>	<u>4,220,328</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	13,195,975
Unrestricted	<u>(1,431,928)</u>
<b>Total Net Assets</b>	<u>11,764,047</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$15,984,375</u></u>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Page 25	

STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013

STATEWIDE HUMAN RESOURCES, ACCOUNTING AND  
MANAGEMENT REPORTING SYSTEM FUND (FUND 20360)

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
User Fees		\$7,892,532
Other Revenue		16,023
Total Operating Revenues		<u>7,908,555</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$862,221	
Contractual Services	1,674,126	
Other Costs	<u>596,747</u>	3,133,094
Depreciation		3,608,702
Capital Outlays		<u>0</u>
Total Operating Expenses		<u>6,741,796</u>
Operating Income (Loss)		<u>1,166,759</u>
<b>Other Financing Sources (Uses)</b>		
State General Fund Appropriations		0
Transfers In:		
Interfund Transfer of Capital Assets		370,874
Transfers Out:		
Program Support Assessment (Fund 20320)	(176,493)	
Equipment Replacement (Fund 96870)	(3,608,702)	
Other - Department of Finance and Administration Support	<u>(595,500)</u>	(4,380,695)
Total Other Financing Sources		<u>(4,009,821)</u>
Change in Net Assets		(2,843,062)
<b>Total Net Assets - Beginning of Year</b>		<u>14,607,109</u>
<b>Total Net Assets - End of Year</b>		<u>\$11,764,047</u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Page 27		

**STATE OF NEW MEXICO  
STATEWIDE HUMAN RESOURCES, ACCOUNTING AND MANAGEMENT REPORTING SYSTEM FUND  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013**

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$336,294)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue		\$7,892,532	
Other Revenue		16,023	
Other		<u>0</u>	
Total Revenues			7,908,555
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses		3,133,094	
Depreciation		3,608,702	
Internal Fund Transfers - Program Support (Fund 20320)		176,493	
Internal Fund Transfers - Equip. Replacement (Fund 96870)		3,608,702	
Transfers to Other Agencies - DFA Support		<u>595,500</u>	
Total Per Financial Statements		11,122,491	
Deductions OMB A-87 Unallowable Costs			
Provision for Losses		0	
Less Transfer to Equip. Replacement Fund 96870		<u>(3,608,702)</u>	
Total Deductions			(3,608,702)
Additional OMB A-87 Allowable Costs			
FY 2013 SWCAP Costs		221,194	
Other		<u>0</u>	
Total Additions			<u>221,194</u>
OMB A-87 Allowable Expenditures			7,734,983
Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit D)		<u>(5,019)</u>	
Total Adjustments			<u>(5,019)</u>
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$157,703)
Allowable Reserve (60 days)	(B)		678,293
Excess Balance (A) - (B)			(835,996)

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			27,360,149
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfers In			
State General Fund Appropriations		0	
Internal Transfer of Capital Assets		370,874	
Less: Transfers Out		<u>0</u>	
Net Transfers			<u>370,874</u>
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$27,731,023

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			(12,416,746)
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs		(3,608,702)	
Additional OMB A-87 Allowable Costs		221,194	
Imputed Interest Earnings		<u>(5,019)</u>	
Total Adjustments			<u>(3,392,527)</u>
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		(\$15,809,273)

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$11,764,047
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**STATE OF NEW MEXICO  
DEPARTMENT OF INFORMATION TECHNOLOGY  
IMPUTED INTEREST EARNINGS  
AS OF JUNE 30, 2013**

**STATEWIDE HUMAN RESOURCES, ACCOUNTING AND**

<u>DESCRIPTION</u>	<u>AMOUNTS</u>
A. Beginning Cash Balance - Balance on July 1, 2012	\$1,816,691
B. Ending Cash Balance - Balance on June 30, 2013	2,568,561
C. Average FY 2013 Cash Balance ((A+B)/2)	2,192,626
D. State Treasury Average Rate of Return for FY 2013	0.2289%
E. Imputed Interest Earnings for FY 2013 (C * D)	\$5,019

***GSD - PROGRAM SUPPORT***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**General Services Department  
Program Support**

**I. Service Description**

Program Support is comprised of the Office of the Secretary (OOS) of the General Services Department (GSD) and GSD's Administrative Services Division (ASD). The OOS is responsible to the Governor for the operation of GSD. The OOS provides oversight, policy direction, and legal support for all divisions and programs administered by GSD. ASD provides accounting, budgeting, financial, and other support services for all divisions and programs administered by GSD.

**II. Financial Statements**

All financial activities of Program Support are recorded in a GSD non-major enterprise fund. The fund is Fund 197, Administrative Services Division and Office of the Secretary. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for non-major enterprise funds under the heading of "Administration Services Division". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 87 and 89.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 91.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

## **V. Billing Methodology**

Assessments are made to GSD divisions and programs based on budgeted expenditures and the number of full time equivalent positions.

## **VI. Billings**

Exhibit E provides the assessments for the fiscal year ended June 30, 2013.

## **VII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Imputed Interest Earnings – Interest earnings on cash balances of the fund are not recorded in the fund. Therefore, in accordance with instructions provided by the Division of Cost Allocation of the U.S. Department of Health and Human Services (DHHS) with OMB A-87, imputed interest earnings have been calculated on the Fund's average cash balance utilizing the State Treasurer's average rate of return on short term investments for the year ended June 30, 2013. Exhibit D provides the calculation of the imputed interest earnings. Imputed interest income has been calculated on the average of beginning and ending cash balances and included in the reconciliations. The State does not agree with this method and hereby notifies DHHS that should the need arise may appeal the inclusion of the imputed revenue calculated in this manner in any calculation resulting in the payment of fund assets to the Federal government.
3. Treatment of Variances - The intent of the legislation creating Program Support was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with the operation of the GSD Office of the Secretary and Administrative Services Division. Therefore, any over/under recovery of costs will be included in subsequent assessment calculations.

This concludes the narrative information on the GSD Program Support Fund. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

ADMINISTRATIVE SERVICES DIVISION AND OFFICE OF THE SECRETARY (FUND 197)

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$401,311
Interest Receivables	0
Accounts/Trade Receivables	9,082
Allowance for Doubtful Accounts	(6,872)
Due from/(to) Other Funds	2,047
Due from Other Agencies	0
Inventories	28,451
Total Current Assets	434,019
Noncurrent Assets:	
Capital Assets	329,498
Accumulated Depreciation	(122,707)
Total Noncurrent Assets	206,791
<b>Total Assets</b>	<b>\$640,810</b>
<b>Liabilities:</b>	
Current Liabilities	
Claims Payable	\$0
Accounts Payable	178,746
Deferred Revenue	0
Accrued Expenses	55,543
Due to Other Funds	73,455
Due to Other Agencies	3,856
Accrued Compensated Absences	127,584
Total Current Liabilities	439,184
Long-Term Debt	
Compensated Absences Payable	1,708
<b>Total Liabilities</b>	<b>440,892</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	206,791
Restricted for Insurance/Claims	
Unrestricted	(6,873)
<b>Total Net Assets</b>	<b>199,918</b>
<b>Total Liabilities and Net Assets</b>	<b>\$640,810</b>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 87 and 89	

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013

ADMINISTRATIVE SERVICES DIVISION AND OFFICE OF THE SECRETARY (FUND 197)

		<u>FUND TOTAL</u>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$8,970
Other Revenue		717
Total Operating Revenues		<u>9,687</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$1,803,232	
Employee Benefits	597,946	
Travel	660	
Maintenance and Repairs	2,799	
Supplies	16,521	
Contractual Services	492,351	
Operating Costs	263,532	
Bad Debt	0	
Other Costs	0	
	<u>0</u>	3,177,041
Depreciation		52,004
Capital Outlays		0
Total Operating Expenses		<u>3,229,045</u>
Operating Income (Loss)		<u>(3,219,358)</u>
<b>Non Operating Revenues (Expenses)</b>		
Intra-agency transfers		
Transfer In for administrative services	3,364,291	
Transfer Out to Fund 417 for Services	<u>0</u>	3,364,291
Other Financing Sources		
General Appropriation	0	
Other State Funds	<u>0</u>	0
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	<u>0</u>	0
Total Nonoperating Revenue (Expenses)		<u>3,364,291</u>
Income Before Transfers		<u>144,933</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		<u>0</u>
Total Transfers		<u>0</u>
Change in Net Assets		144,933
<b>Net Assets - Beginning of Year, as Previously Reported</b>		54,985
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>\$199,918</u></u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Page 91		

STATE OF NEW MEXICO  
 ADMINISTRATIVE SERVICES DIVISION AND OFFICE OF THE SECRETARY (FUND 197)  
 RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
 AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$1,728,059)
<b>FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR</b>			
OMB A-87 Revenues			
Service Fees/Revenue - Inter-agency Mail Services		\$8,970	
Interest Income		0	
Other Revenue		717	
Intra-agency Transfers		3,364,291	
Other Financing Sources - State Funds		0	
Gain on Disposal of Assets		0	
Total Revenues		<u>0</u>	3,373,978
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses		3,177,041	
Depreciation		52,004	
Capital Outlays		0	
Intra-agency Transfers		0	
Other State Agency Transfers		0	
Total Per Financial Statements		<u>0</u>	3,229,045
Deductions OMB A-87 Unallowable Costs			
Provision for Losses	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions	<u>0</u>		0
Additional OMB A-87 Allowable Costs			
FY 2012 SWCAP Costs	479,028		
Other	0		
Total Additions	<u>0</u>	479,028	
OMB A-87 Allowable Expenditures			3,708,073
Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit D)		(1,169)	
Total Adjustments		<u>(1,169)</u>	(1,169)
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$2,060,985)
Allowable Reserve (60 days)	(B)		600,998
Excess Balance (A) - (B)			(2,661,983)

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: General Appropriation		0	
Plus: Transfers In		0	
Less: Transfers Out		0	
Net Transfers		<u>0</u>	0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			1,783,044
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs		0	
Additional OMB A-87 Allowable Costs		479,028	
Imputed Interest Earnings		(1,169)	
Total Adjustments		<u>477,859</u>	477,859
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		\$2,260,903

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$199,918
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**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
IMPUTED INTEREST EARNINGS  
AS OF JUNE 30, 2013**

**ADMINISTRATIVE SERVICES DIVISION AND OFFICE OF THE SECRETARY (FUND 197)**

<u>DESCRIPTION</u>	<u>AMOUNTS</u>
A. Beginning Cash Balance - Balance on July 1, 2012	\$619,706
B. Ending Cash Balance - Balance on June 30, 2013	401,311
C. Average FY 2013 Cash Balance ((A+B)/2)	510,509
D. State Treasury Average Rate of Return for FY 2013	0.2289%
E. Imputed Interest Earnings for FY 2013 (C * D)	\$1,169

**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
AS OF JUNE 30, 2013**

**ADMINISTRATIVE SERVICES DIVISION AND OFFICE OF THE SECRETARY (FUND 197)  
INTERFUND AND INTERAGENCY ASSESSMENTS**

<u>FUND</u>	<u>TITLE</u>	<u>ASSESSMENT</u>
174	General Fund - Building Services	\$184,425
286	Purchasing Fees	
352	Risk Management - Operating	2,777,547
357	Risk Management - Public Liability	
360	Surplus Property	31,532
365	State Transportation Pool	291,180
417	State Aircraft Bureau	29,068
806	State Printing	50,539
	Total	<u>\$3,364,291</u>

**GSD TRANSPORTATION SERVICES DIVISION – MOTOR POOL**

**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**GSD Transportation Services Division  
Motor Pool**

**I. Service Description**

The State Transportation Motor Pool furnishes transportation services for all state departments/agencies in the Santa Fe area. This includes the procurement (either through purchase or lease) and maintenance of vehicles. The Motor Pool receives no general fund appropriation and is reliant on revenues it receives from the leasing of vehicles to the various state agencies. The Motor Pool is administered by the Division of Transportation of the New Mexico General Services Department (GSD).

**II. Financial Statements**

All financial activities of the Motor Pool are recorded in the GSD non-major enterprise Fund 365. Financial statements for the fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for non-major enterprise funds under the heading of "State Transportation Pool". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 22 and 24.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 26.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

## **V. Billing Methodology**

The Motor Pool provides vehicles on a daily, or short-term basis, or on a long-term basis, normally over six months to its clients. If on a long-term basis, the customer may purchase a vehicle through the Motor Pool, lease a vehicle through the Motor Pool from an outside vendor or “lease” one of the Motor Pool vehicles. The cost structure under each arrangement is different but the major components are 1) an overhead amount which includes an allocation from the State-wide cost allocation plan, an assessment from the GSD Office of the Secretary, the GSD Administrative Support Division and the Motor Pool’s administrative cost; 2) vehicle depreciation; 3) and, maintenance.

## **VI. Billing Rates**

The billing rates for FY 2013 are provided on Exhibit E.

## **VII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund’s retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Imputed Interest Earnings – Interest earnings on cash balances of the fund are not recorded in the fund. Therefore, in accordance with instructions provided by the Division of Cost Allocation of the U.S. Department of Health and Human Services (DHHS) with OMB A-87, imputed interest earnings have been calculated on the Fund’s average cash balance utilizing the State Treasurer’s average rate of return on short term investments for the year ended June 30, 2013. Exhibit D provides the calculation of the imputed interest earnings. Imputed interest income has been calculated on the average of beginning and ending cash balances and included in the reconciliations. The State does not agree with this method and hereby notifies DHHS that should the need arise may appeal the inclusion of the imputed revenue calculated in this manner in any calculation resulting in the payment of fund assets to the Federal government.
3. Treatment of Variances - The intent of the legislation creating the Motor Pool was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with the operation of the Motor Pool. Therefore, any over/under recovery of costs will be included in subsequent rate calculations.

This concludes the narrative information on the GSD Transportation Division Motor Pool. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

THE STATE TRANSPORTATION POOL (FUND 365)

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$5,239,017
Interest Receivables	0
Accounts/Trade Receivables	813,288
Allowance for Doubtful Accounts	(89,862)
Due from/(to) Other Funds	12,701
Due from Other Agencies	133
Other Assets	214
Total Current Assets	5,975,491
Noncurrent Assets:	
Capital Assets	25,365,738
Accumulated Depreciation	(23,396,368)
Total Noncurrent Assets	1,969,370
<b>Total Assets</b>	<b>\$7,944,861</b>
<b>Liabilities:</b>	
Current Liabilities	
Claims Payable	\$0
Accounts Payable	311,021
Deferred Revenue	0
Accrued Expenses	24,066
Due to Other Funds	2,104
Due to Other Agencies	0
Accrued Compensated Absences	49,684
Total Current Liabilities	386,875
Long-Term Debt	
Compensated Absences Payable	774
<b>Total Liabilities</b>	<b>387,649</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	1,969,370
Restricted for Insurance/Claims	0
Unrestricted	5,587,842
Total Net Assets	7,557,212
<b>Total Liabilities and Net Assets</b>	<b>\$7,944,861</b>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 22 and 24	

**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013**

**THE STATE TRANSPORTATION POOL (FUND 365)**

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$4,420,180
Interest Income		0
Other Revenue		69,426
Total Operating Revenues		<u>4,489,606</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$871,687	
Employee Benefits	588,741	
In-State Travel	8,850	
Out-of-State Travel	1,042	
Maintenance and Repairs	1,446,224	
Supplies	63,939	
Contractual Services	0	
Operating Costs	2,680,543	
Bad Debt	0	
Other Costs	924	
Depreciation		5,661,950
Capital Outlays		1,511,731
Total Operating Expenses		<u>7,173,681</u>
Operating Income (Loss)		<u>(2,684,075)</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		44,282
Disposal of Assets - (Loss)		0
Intra-agency Transfers		(291,180)
Other Financing Sources		
General Appropriation	0	
Other State Agency Transfers	0	0
Other Financing (Uses)		
General Appropriation	0	
Other State Funds	0	0
Total Nonoperating Revenue (Expenses)		<u>(246,898)</u>
Income Before Transfers		<u>(2,930,973)</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		0
Total Transfers		<u>0</u>
Change in Net Assets		(2,930,973)
<b>Net Assets - Beginning of Year, as Previously Reported</b>		10,488,185
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>\$7,557,212</u></u>

**Source of Information:**

Independent Accountant's Reports and Financial Statements - Page 26

STATE OF NEW MEXICO  
THE STATE TRANSPORTATION POOL (FUND 365)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$2,813,581)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue	\$4,420,180		
Interest Income	0		
Other Revenue	69,426		
Gain on Disposal of Assets	44,282		
Other Financing Sources	0		
Total Revenues		4,533,888	
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses	5,661,950		
Depreciation	1,511,731		
Intra-agency transfers (Admin. Service Fund 197 support)	291,180		
Capital Outlays	0		
Disposal of Assets - Loss	0		
Other Financing Uses	0		
Total Per Financial Statements	7,464,861		
Deductions OMB A-87 Unallowable Costs			
Provision for Losses	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions		0	
Additional OMB A-87 Allowable Costs			
FY 2012 SWCAP Costs	(1,959)		
Other	0		
Total Additions		(1,959)	
OMB A-87 Allowable Expenditures		7,462,902	
Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earnings (Exhibit D)	(13,684)		
Total Adjustments		(13,684)	
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$5,728,911)
Allowable Reserve (60 days)	(B)	978,275	
Excess Balance (A) - (B)		(6,707,186)	

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfers In	0		
Less: Transfers Out	0		
Net Transfers		0	
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			13,301,766
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	0		
Additional OMB A-87 Allowable Costs	(1,959)		
Imputed Interest Earnings	(13,684)		
Total Adjustments		(15,643)	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		\$13,286,123

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$7,557,212
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**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
IMPUTED INTEREST EARNINGS  
AS OF JUNE 30, 2013**

**THE STATE TRANSPORTATION POOL (FUND 365)**

<u>DESCRIPTION</u>	<u>AMOUNTS</u>
A. Beginning Cash Balance - Balance on July 1, 2012	\$6,717,324
B. Ending Cash Balance - Balance on June 30, 2013	5,239,017
C. Average FY 2013 Cash Balance ((A+B)/2)	5,978,171
D. State Treasury Average Rate of Return for FY 2013	0.2289%
E. Imputed Interest Earnings for FY 2013 (C * D)	\$13,684

**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
AS OF JUNE 30, 2013**

**THE STATE TRANSPORTATION POOL (FUND 365)  
FY 2013 BILLING RATES**

<u>VEHICLE CLASS</u>	<u>VEHICLE TYPE</u>	<u>LONG TERM LEASE</u>	<u>SHORT TERM LEASE</u>
All Classes	All Vehicles Owned By State	\$133.00	
	2011 Ford Fusion	\$260.00	
	2011 Nissan Altima	\$266.00	
	2011 Chevy Impala	\$353.00	
02B	Mid Size Sedan		\$15.98 per day
02C	Full Size Sedan		\$16.94 per day
04D	1/2 Ton 4X4 Pick-up		\$14.75 per day
04K	3/4 Ton 4X4 Box Truck with Tommy Lift		\$20.94 per day
05A	Passenger Mini Van (7-8 passenger)		\$16.23 per day
05C	Full Size 15 Passenger Van		\$17.46 per day
05D	Full Size Cargo Van		\$15.18 per day

***GSD TRANSPORTATION SERVICES DIVISION – STATE  
AVIATION***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**GSD Transportation Services Division  
State Aviation**

**I. Service Description**

The Aviation Services Bureau provides state owned aircrafts for use by all state agencies and other authorized entities. The Bureau is assigned to the Division of Transportation of the New Mexico General Services Department (GSD).

**II. Financial Statements**

All financial activities of the Bureau are recorded in a GSD non-major enterprise fund. The fund is Fund 417, State Aviation Fund. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for non-major enterprise funds under the heading of "State Aircraft Pool". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 87 and 89.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 91.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in from other funds during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out of the fund during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

## **V. Billing Methodology**

Prior to March 18, 2011 the following methodology was utilized to determine billing rates:

The Aviation Services Bureau (ASB) used a combination of salaries and benefits, contractual services, fuel, maintenance and overhead to derive the operational cost per flight hour per state aircraft. Once the operational cost per flight hour was determined a recommended agency cost was forwarded to the Department of Finance and Administration for final approval. The actual agency cost was usually represented as 40% of the total operational cost per flight hour. This was the fee that the agencies actually had to pay for flight hour. The remaining 60% of the total operational cost of flight hour came from the general fund.

After March 18, 2011, the ASB changed its rates to reflect all of the expenditures associated with flying aircraft to include depreciation. Each agency is now responsible for 100% of the costs associated with flying the aircraft. Depreciation was figured at cost to replace the entire aircraft at a 20 year lifecycle dividing that number into a per flight hour costs. A different rate is used for the Children Medical Services (CMS) which does not include depreciation.

## **VI. Billing Rates**

The billing rates per flight hour during the fiscal year ended June 30, 2013 were:

- King Air for CMS \$1,133
- King Air for all other agencies \$1,889

## **VII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Imputed Interest Earnings – Interest earnings on cash balances of the fund are not recorded in the fund. Therefore, in accordance with instructions provided by the Division of Cost Allocation of the U.S. Department of Health and Human Services (DHHS) with OMB A-87, imputed interest earnings have been calculated on the Fund's average cash balance utilizing the State Treasurer's average rate of return on short term investments for the year ended June 30, 2013. Exhibit D provides the calculation of the imputed interest earnings. Imputed interest income has been calculated on the average of beginning and ending cash balances and included in the reconciliations. The State does not agree with this method and hereby notifies DHHS that should the need arise may appeal the inclusion of the imputed revenue calculated in this manner in any calculation resulting in the payment of fund assets to the Federal government.

3. Treatment of Variances – The Fund is being operated at a loss and is subsidized by General Fund appropriations. If the Fund should by some unusual occurrence incur an operating income, the operating income would be used to offset prior operating losses or used to repay or reduce General Fund appropriations.

This concludes the narrative information on the GSD Transportation Division State Aircraft. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

THE STATE AVIATION FUND (FUND 417)

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$395,284
Interest Receivables	0
Accounts/Trade Receivables	45,023
Allowance for Doubtful Accounts	(7,327)
Due from/(to) Other Funds	2,736
Due from Other Agencies	0
Other Assets	0
Inventories	0
Total Current Assets	435,716
Noncurrent Assets:	
Capital Assets	2,486,959
Accumulated Depreciation	(471,426)
Total Noncurrent Assets	2,015,533
<b>Total Assets</b>	<b>\$2,451,249</b>
<b>Liabilities:</b>	
Current Liabilities	
Accounts Payable	\$11,212
Deferred Revenue	0
Accrued Expenses	1,556
Due to Other Funds	0
Due to Other Agencies	0
Accrued Compensated Absences	23,577
Total Current Liabilities	36,345
Long-Term Debt	
Compensated Absences Payable	4,198
<b>Total Liabilities</b>	<b>40,543</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	2,015,533
Restricted for Insurance/Claims	
Unrestricted	395,173
<b>Total Net Assets</b>	<b>2,410,706</b>
<b>Total Liabilities and Net Assets</b>	<b>\$2,451,249</b>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 87 and 89	

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013

THE STATE AVIATION FUND (FUND 417)

		<u>FUND TOTAL</u>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$0
Interest Income		0
Other Revenue		117,672
Total Operating Revenues		<u>117,672</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$116,016	
Employee Benefits	91,821	
In-State Travel	0	
Out-of-State Travel	3,458	
Maintenance and Repairs	105,849	
Supplies	430	
Contractual Services	0	
Bad Debt	0	
Operating Costs	123,958	
Other Costs	<u>0</u>	441,532
Depreciation		98,721
Capital Outlays		<u>0</u>
Total Operating Expenses		<u>540,253</u>
Operating Income (Loss)		<u>(422,581)</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		0
Disposal of Assets - (Loss)		0
Intra-agency transfers		
Transfer In from Fund 197	0	
Transfer Out to Fund 197 for Administration	<u>(29,068)</u>	(29,068)
Other Financing Sources		
General Appropriation	200,000	
Other State Agency Transfers	0	
Other State Funds	<u>0</u>	200,000
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	0	
Other State Funds	<u>0</u>	0
Total Nonoperating Revenue (Expenses)		<u>170,932</u>
Income Before Transfers		<u>(251,649)</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		<u>0</u>
Total Transfers		<u>0</u>
Change in Net Assets		(251,649)
<b>Net Assets - Beginning of Year, as Previously Reported</b>		2,662,355
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>\$2,410,706</u></u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Page 91		

STATE OF NEW MEXICO  
THE STATE AVIATION FUND (FUND 417)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$6,541,409)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue		\$0	
Interest Income		0	
Other Revenue		117,672	
Gain on Disposal of Assets		0	
Total Revenues		<u>117,672</u>	117,672
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses		441,532	
Depreciation		98,721	
Capital Outlays		0	
Disposal of Assets - Loss		0	
Transfer In from Fund 197 for Administrative Services		29,068	
Total Per Financial Statements		<u>569,321</u>	
Deductions OMB A-87 Unallowable Costs			
Provision for Losses - Bad Debt	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions	<u>0</u>		0
Additional OMB A-87 Allowable Costs			
FY 2012 SWCAP Costs	32,286		
Other	0		
Total Additions	<u>32,286</u>		32,286
OMB A-87 Allowable Expenditures			601,607
Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit D)		(1,112)	
Total Adjustments		<u>(1,112)</u>	(1,112)
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$7,024,232)
Allowable Reserve (60 days)	(B)		82,666
Excess Balance (A) - (B)			(7,106,898)

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			9,033,905
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Intra-agency transfer		0	
Plus: Other State Agency Transfers		0	
Plus: General Appropriations		200,000	
Plus: Transfers In		0	
Less: Transfers Out		0	
Net Transfers		<u>200,000</u>	200,000
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$9,233,905

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			169,859
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs		0	
Additional OMB A-87 Allowable Costs		32,286	
Imputed Interest Earnings		(1,112)	
Total Adjustments		<u>31,174</u>	31,174
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		\$201,033

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$2,410,706
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**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
IMPUTED INTEREST EARNINGS  
AS OF JUNE 30, 2013**

**THE STATE AVIATION FUND (FUND 417)**

<u>DESCRIPTION</u>	<u>AMOUNTS</u>
A. Beginning Cash Balance - Balance on July 1, 2012	\$576,160
B. Ending Cash Balance - Balance on June 30, 2013	395,284
C. Average FY 2013 Cash Balance ((A+B)/2)	485,722
D. State Treasury Average Rate of Return for FY 2013	0.2289%
E. Imputed Interest Earnings for FY 2013 (C * D)	\$1,112

***GSD STATE PRINTING OFFICE***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**GSD State Printing Office**

**I. Service Description**

The State Printing Office of the General Services Department (GSD) provides offset press printing and duplicating services for Federal, state and local government entities as well as certified non-profit organizations. Offset press services range from 2 x 3.5 to 19 x 25 finished printed products. Brochures, booklets, posters, forms, office stationery, envelopes (various sizes), non-carbonless forms etc. all range from one to four color process. Graphics Design and Bindery services are also available with or without printing services. The Office also provides duplication services consisting of 4-color Xerox Docucolor copying as well as high-speed Docutech single page to 200 pages, 2-sided bound book.

**II. Financial Statements**

Financial activities of the State Printing Office are recorded in a GSD non-major enterprise fund. The Fund is Fund 806, State Printing Fund. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for non-major enterprise funds under the heading of "State Printing". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 87 and 89.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 91.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

## **V. Billing Methodology**

An industry standard printing pricing program is used as not only an industry pricing foundation but a tracking system as well. The program is used as an industry standard to calculate production on an individual basis. All prices for products are taken from statewide price agreements let out for bid by the New Mexico State Purchasing Division (paper, inks, plates, blankets, negatives, processing chemicals and foils, etc.). Press costs are determined by individual machine and are based on an hourly run basis and not an impression basis. Once all aspects are entered into the pricing system, individual jobs are priced on a job per job basis using actual costs that includes employee time and paid benefits. Jobs are also based on amounts, type of job or run, paper selected and what finished product needs to be.

## **VI. Billing Rates**

The billing rates in effect during the fiscal year ended June 30, 2013 were based on State Purchasing contracts current product price, which are updated every six months, plus press costs.

## **VII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Imputed Interest Earnings – Interest earnings on cash balances of the fund are not recorded in the fund. Therefore, in accordance with instructions provided by the Division of Cost Allocation of the U.S. Department of Health and Human Services (DHHS) with OMB A-87, imputed interest earnings have been calculated on the Fund's average cash balance utilizing the State Treasurer's average rate of return on short term investments for the year ended June 30, 2013. Exhibit D provides the calculation of the imputed interest earnings. There was no imputed interest earnings for the year ended June 30, 2013 because the cash balance at the beginning and end of the year were \$0.
3. Treatment of Variances - The intent of the legislation creating the State Printing Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with operating the State Printing Office. Therefore, any over/under recovery of costs will be included in subsequent rate calculations.

This concludes the narrative information on the GSD State Printing Office. The previously noted exhibits are provided on the following pages.

**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013**

**STATE PRINTING (FUND 806)**

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$0
Interest Receivables	0
Accounts/Trade Receivables	152,383
Allowance for Doubtful Accounts	(34,369)
Due from/(to) Other Funds	1,102
Due from Other Agencies	0
Inventories	258,004
Total Current Assets	377,120
Noncurrent Assets:	
Capital Assets	1,463,974
Accumulated Depreciation	(1,436,102)
Total Noncurrent Assets	27,872
<b>Total Assets</b>	<b>\$404,992</b>
<b>Liabilities:</b>	
Current Liabilities	
Bank Overdraft	\$332,968
Accounts Payable	33,469
Accrued Expenses	14,470
Due to Other Funds	6,346
Due to Other Agencies	0
Accrued Compensated Absences	31,400
Total Current Liabilities	418,653
Long-Term Debt	
Compensated Absences Payable	1,274
<b>Total Liabilities</b>	<b>419,927</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	27,872
Restricted for Insurance/Claims	0
Unrestricted	(42,807)
Total Net Assets	(14,935)
<b>Total Liabilities and Net Assets</b>	<b>\$404,992</b>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 87 and 89	

**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013**

**STATE PRINTING (FUND 806)**

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$1,395,799
Interest Income		0
Other Revenue		2,129
Total Operating Revenues		<u>1,397,928</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$553,226	
Employee Benefits	207,663	
In-State Travel	0	
Out-of-State Travel	0	
Maintenance and Repairs	0	
Supplies	214,182	
Contractual Services	0	
Bad Debt	0	
Operating Costs	337,531	
Other Costs	<u>13,778</u>	1,326,380
Depreciation		7,857
Capital Outlays		0
Total Operating Expenses		<u>1,334,237</u>
Operating Income (Loss)		<u>63,691</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		0
Disposal of Assets - (Loss)		0
Intra-Agency Transfers		
Transfer Out to Fund 197 for Administration	<u>(50,539)</u>	(50,539)
Other Financing Sources		
General Appropriation	0	
Other State Agency Transfers	0	
Other State Funds	<u>0</u>	0
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	<u>0</u>	0
Total Nonoperating Revenue (Expenses)		<u>(50,539)</u>
Income Before Transfers		<u>13,152</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		<u>0</u>
Total Transfers		<u>0</u>
Change in Net Assets		13,152
<b>Net Assets - Beginning of Year, as Previously Reported</b>		(28,087)
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>(\$14,935)</u></u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Page 91		

**STATE OF NEW MEXICO  
STATE PRINTING (FUND 806)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013**

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$4,368,689)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue	\$1,395,799		
Interest Income	0		
Other Revenue	2,129		
Gain on Disposal of Assets	0		
Total Revenues			1,397,928
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses	1,326,380		
Depreciation	7,857		
Intra-agency transfers (Admin. Service Fund 197 support)	50,539		
Capital Outlays	0		
Disposal of Assets - Loss	0		
Other Financing Uses	0		
Total Per Financial Statements	1,384,776		
Deductions OMB A-87 Unallowable Costs			
Provision for Losses - Bad Debt	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions			0
Additional OMB A-87 Allowable Costs			
FY 2012 SWCAP Costs	93,836		
Other	0		
Total Additions			93,836
OMB A-87 Allowable Expenditures			1,478,612
Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earnings (Exhibit D)	0		
Total Adjustments			0
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$4,449,373)
Allowable Reserve (60 days)	(B)		241,768
Excess Balance (A) - (B)			(4,691,141)

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Other Financing Sources	0		
Plus: Transfers In	0		
Less: Transfers Out	0		
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			4,340,602
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	0		
Additional OMB A-87 Allowable Costs	93,836		
Imputed Interest Earnings	0		
Total Adjustments			93,836
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		\$4,434,438

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		(\$14,935)
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**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
IMPUTED INTEREST EARNINGS  
AS OF JUNE 30, 2013**

**STATE PRINTING (FUND 806)**

<u>DESCRIPTION</u>	<u>AMOUNTS</u>
A. Beginning Cash Balance - Balance on July 1, 2012	\$0
B. Ending Cash Balance - Balance on June 30, 2013	0
C. Average FY 2013 Cash Balance ((A+B)/2)	0
D. State Treasury Average Rate of Return for FY 2013	0.2289%
E. Imputed Interest Earnings for FY 2013 (C * D)	\$0

***GSD RISK MANAGEMENT DIVISION – EMPLOYEE ASSISTANCE  
PROGRAM FUND***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**GSD Risk Management Division  
Employee Assistance Program Fund**

**I. Service Description**

The Employee Assistance Program Fund provides counseling services for state employees. The Program is administered by the Risk Management Division of the General Services Department (GSD).

**II. Financial Statements**

All financial activities of the Employee Assistance Program are recorded in a GSD non-major enterprise fund. The fund is Fund 215. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for non-major enterprise funds under the heading of "Employee Assistance". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 88 and 90.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 92.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

**V. Billing Methodology**

Projected costs are assessed to state agencies based on the number of actual employees each month. The assessment is made monthly.

## **VI. Billing Rates**

The assessment for the fiscal year ended June 30, 2013 was \$0.24 per employee per month.

## **VII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Imputed Interest Earnings – Interest earnings on cash balances of the Fund are not recorded in the fund. Therefore, in accordance with instructions provided by the Division of Cost Allocation of the U.S. Department of Health and Human Services (DHHS) with OMB A-87, imputed interest earnings have been calculated on the Fund's average cash balance utilizing the State Treasurer's average rate of return on short term investments for the year ended June 30, 2013. Exhibit D provides the calculation of the imputed interest earnings. Imputed interest income has been calculated on the average of beginning and ending cash balances and included in the reconciliations. The State does not agree with this method and hereby notifies DHHS that should the need arise may appeal the inclusion of the imputed revenue calculated in this manner in any calculation resulting in the payment of fund assets to the Federal government.
3. Treatment of Variances - The intent of the legislation creating the Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with the operation of the Fund. Therefore, any over/under recovery of costs will be included in subsequent assessment calculations.

This concludes the narrative information on the GSD Risk Management Division Employee Assistance Program Fund. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

THE EMPLOYEE ASSISTANCE PROGRAM (FUND 215)

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$107,654
Interest Receivables	0
Accounts/Trade Receivables	0
Allowance for Doubtful Accounts	0
Due from/(to) Other Funds	0
Due from Other Agencies	0
Inventories	0
Total Current Assets	107,654
Noncurrent Assets:	
Capital Assets	0
Accumulated Depreciation	0
Total Noncurrent Assets	0
<b>Total Assets</b>	<b>\$107,654</b>
<b>Liabilities:</b>	
Current Liabilities	
Claims Payable	\$0
Accounts Payable	0
Deferred Revenue	0
Accrued Expenses	0
Due to Other Funds	0
Due to Other Agencies	0
Accrued Compensated Absences	0
Total Current Liabilities	0
Long-Term Debt	
Compensated Absences Payable	0
<b>Total Liabilities</b>	<b>0</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	
Restricted for Insurance/Claims	
Unrestricted	107,654
<b>Total Net Assets</b>	<b>107,654</b>
<b>Total Liabilities and Net Assets</b>	<b>\$107,654</b>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 88 and 90.	

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013

THE EMPLOYEE ASSISTANCE PROGRAM (FUND 215)

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$115,190
Interest Income		0
Other Revenue		0
Total Operating Revenues		<u>115,190</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$0	
Employee Benefits	0	
In-State Travel	0	
Out-of-State Travel	0	
Maintenance and Repairs	0	
Supplies	0	
Contractual Services	0	
Operating Costs	136,700	
Other Costs	0	
Depreciation		0
Capital Outlays		0
Total Operating Expenses		<u>136,700</u>
Operating Income (Loss)		<u>(21,510)</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		0
Disposal of Assets - (Loss)		0
Other Financing Sources		
General Appropriation	0	
Other State Agency Transfers	0	
Other State Funds	0	
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	0	
Total Nonoperating Revenue (Expenses)		<u>0</u>
Income Before Transfers		<u>(21,510)</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		0
Total Transfers		<u>0</u>
Change in Net Assets		(21,510)
<b>Net Assets - Beginning of Year, as Previously Reported</b>		129,164
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>\$107,654</u></u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Page 92.		

STATE OF NEW MEXICO  
 THE EMPLOYEE ASSISTANCE PROGRAM (FUND 215)  
 RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
 AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$282,229
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue	\$115,190		
Interest Income	0		
Other Revenue	0		
Other Financing Sources - State Agency	0		
Gain on Disposal of Assets	0		
Total Revenues		115,190	
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses	136,700		
Depreciation	0		
Capital Outlays	0		
Disposal of Assets - Loss	0		
Other Financing Uses	0		
Total Per Financial Statements		136,700	
Deductions OMB A-87 Unallowable Costs			
Provision for Losses	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions		0	
Additional OMB A-87 Allowable Costs			
FY 2013 SWCAP Costs	0		
Other	0		
Total Additions		0	
OMB A-87 Allowable Expenditures			136,700
Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earnings (Exhibit D)	(287)		
Total Adjustments			(287)
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		\$261,006
Allowable Reserve (60 days)	(B)		22,471
Excess Balance (A) - (B)			238,535

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: General Appropriations	0		
Plus: Transfers In	0		
Less: Transfers Out	0		
Net Transfers		0	
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			(153,065)
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	0		
Additional OMB A-87 Allowable Costs	0		
Imputed Interest Earnings	(287)		
Total Adjustments			(287)
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		(\$153,352)

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$107,654
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**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
IMPUTED INTEREST EARNINGS  
AS OF JUNE 30, 2013**

**THE EMPLOYEE ASSISTANCE PROGRAM (FUND 215)**

<u>DESCRIPTION</u>	<u>AMOUNTS</u>
A. Beginning Cash Balance - Balance on July 1, 2012	\$143,176
B. Ending Cash Balance - Balance on June 30, 2013	107,654
C. Average FY 2013 Cash Balance ((A+B)/2)	125,415
D. State Treasury Average Rate of Return for FY 2013	0.2289%
E. Imputed Interest Earnings for FY 2013 (C * D)	\$287

**GSD RISK MANAGEMENT DIVISION – OPERATING ACCOUNT**

**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**GSD Risk Management Division – Operating Account**

**I. Service Description**

The Operating Account of the Risk Management Division (RMD) of the General Services Department (GSD) contains the administrative and support expenses of RMD. Costs of RMD administrative and support expenses are assessed to the funds and programs administered by RMD.

**II. Financial Statements**

All financial activities associated with RMD administrative and support services are recorded in a GSD non-major enterprise fund. The fund is Fund 352, the Risk Management Operating Account Fund. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for non-major enterprise funds under the heading of "Risk Management Operating". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 88 and 90.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 92.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

**V. Billing Methodology**

Projected Fund costs are assessed to RMD funds and program based on projected expenditures.

## **VI. Billing Rates**

Exhibit E provides the assessments for the fiscal year ended June 30, 2013.

## **VII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Imputed Interest Earnings – Interest earnings on cash balances of the Fund are not recorded in the Fund. Therefore, in accordance with instructions provided by the Division of Cost Allocation of the U.S. Department of Health and Human Services (DHHS) with OMB A-87, imputed interest earnings have been calculated on the Fund's average cash balance utilizing the State Treasurer's average rate of return on short term investments for the year ended June 30, 2013. Exhibit D provides the calculation of the imputed interest earnings. Imputed interest income has been calculated on the average of beginning and ending cash balances and included in the reconciliations. The State does not agree with this method and hereby notifies DHHS that should the need arise may appeal the inclusion of the imputed revenue calculated in this manner in any calculation resulting in the payment of fund assets to the Federal government.
3. Treatment of Variances - The intent of the legislation creating the Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with the operation of the Fund. Therefore, any over/under recovery of costs will be included in subsequent assessment calculations.

This concludes the narrative information on the GSD Risk Management Division Operating Account Fund. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

THE RISK MANAGEMENT OPERATING ACCOUNT (FUND 352)

	<u>FUND TOTAL</u>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$2,909,511
Interest Receivables	0
Accounts/Trade Receivables	0
Allowance for Doubtful Accounts	0
Due from/(to) Other Funds	60,652
Due from Other Agencies	0
Other Assets	214
Total Current Assets	<u>2,970,377</u>
Noncurrent Assets:	
Capital Assets	159,411
Accumulated Depreciation	<u>(159,256)</u>
Total Noncurrent Assets	<u>155</u>
<b>Total Assets</b>	<u><u>\$2,970,532</u></u>
<b>Liabilities:</b>	
Current Liabilities	
Bank Overdraft	\$0
Claims Payable	0
Accounts Payable	75,843
Deferred Revenue	0
Accrued Expenses	59,382
Due to Other Funds	0
Due to Other Agencies	
Accrued Compensated Absences	121,304
Total Current Liabilities	<u>256,529</u>
Long-Term Debt	
Compensated Absences Payable	<u>6,145</u>
<b>Total Liabilities</b>	<u>262,674</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	155
Restricted for Insurance/Claims	0
Unrestricted	<u>2,707,703</u>
<b>Total Net Assets</b>	<u>2,707,858</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$2,970,532</u></u>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 88 and 90.	

**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013**

**THE RISK MANAGEMENT OPERATING ACCOUNT (FUND 352)**

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$0
Interest Income		0
Other Revenue		388
Total Operating Revenues		<u>388</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$2,208,882	
Employee Benefits	946,945	
In-State Travel	14,750	
Out-of-State Travel	4,679	
Maintenance and Repairs	0	
Supplies	13,710	
Contractual Services	70,439	
Operating Costs	523,051	
Other Costs	<u>40,453</u>	3,822,909
Depreciation		206
Capital Outlays		<u>0</u>
Total Operating Expenses		<u>3,823,115</u>
Operating Income (Loss)		<u>(3,822,727)</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		0
Disposal of Assets - (Loss)		0
Intra-agency Transfers		
Transfer In for Program Assessments	7,278,008	
Transfer Out to Fund 197 for Program Support	<u>(2,777,547)</u>	4,500,461
Other Financing Sources		
General Appropriation	0	
Other State Funds	<u>0</u>	0
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	<u>0</u>	0
Total Nonoperating Revenue (Expenses)		<u>4,500,461</u>
Income Before Transfers		<u>677,734</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		<u>0</u>
Total Transfers		<u>0</u>
Change in Net Assets		677,734
<b>Net Assets - Beginning of Year, as Previously Reported</b>		2,030,124
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>\$2,707,858</u></u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Page 92.		

STATE OF NEW MEXICO  
THE RISK MANAGEMENT OPERATING ACCOUNT (FUND 352)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$1,680,963)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue		\$0	
Intra-agency Transfers		7,278,008	
Other Revenue		388	
Gain on Disposal of Assets		0	
Total Revenues			7,278,396
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses		3,822,909	
Depreciation		206	
Capital Outlays		0	
Intra-agency Transfers		2,777,547	
Other Financing Uses		0	
Total Per Financial Statements		6,600,662	
Deductions OMB A-87 Unallowable Costs			
Provision for Losses	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions			0
Additional OMB A-87 Allowable Costs			
FY 2012 SWCAP Costs	667,834		
Other	0		
Total Additions		667,834	
OMB A-87 Allowable Expenditures			7,268,496
Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings (Exhibit D)		(5,818)	
Total Adjustments			(5,818)
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$1,665,245)
Allowable Reserve (60 days)	(B)		1,194,787
Excess Balance (A) - (B)			(2,860,032)

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Other Financing Sources		0	
Plus: Transfers In		0	
Less: Transfers Out		0	
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			3,711,087
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs		0	
Additional OMB A-87 Allowable Costs		667,834	
Imputed Interest Earnings		(5,818)	
Total Adjustments			662,016
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		\$4,373,103

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	\$2,707,858
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STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
IMPUTED INTEREST EARNINGS  
AS OF JUNE 30, 2013

THE RISK MANAGEMENT OPERATING ACCOUNT (FUND 352)

DESCRIPTION	AMOUNTS
A. Beginning Cash Balance - Balance on July 1, 2012	\$2,174,006
B. Ending Cash Balance - Balance on June 30, 2013	2,909,511
C. Average FY 2013 Cash Balance ((A+B)/2)	2,541,759
D. State Treasury Average Rate of Return for FY 2013	0.2289%
E. Imputed Interest Earnings for FY 2013 (C * D) Negative Amount Not Claimed	\$5,818

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
AS OF JUNE 30, 2013

THE RISK MANAGEMENT OPERATING ACCOUNT (FUND 352)  
INTERFUND AND INTERAGENCY ASSESSEMENTS

<u>FUND</u>	<u>TITLE</u>	<u>ASSESSMENT</u>
353	Risk Management - State Unemployment	\$15,541
354	Risk Management - LPB Unemployment	60,100
356	Risk Mangement - Public Property	515,000
357	Risk Management - Public Liability	4,006,600
358	Risk Management - Surety Bond	31,700
359	Worker's Compensation	1,080,000
752	Health Benefits Premium & Rate Stab.	<u>1,569,067</u>
	Total	<u><u>\$7,278,008</u></u>

***GSD RISK MANAGEMENT DIVISION – PUBLIC PROPERTY  
INSURANCE***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**GSD Risk Management Division  
Public Property Insurance**

**I. Service Description**

The Public Property Reserve Fund provides for the purchase and administration of property insurance and the payment of any claims covered by a certificate of coverage issued by the Risk Management Division. This is a self-insurance fund. Financing is provided through assessments to State agencies. The Fund is administered by the Risk Management Division of the General Services Department (GSD).

**II. Financial Statements**

All financial activities associated with the Fund are recorded in a GSD non-major enterprise fund. The fund is Fund 356. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for non-major enterprise funds under the heading of "Public Property Reserve". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 88 and 90.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 92.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

## **V. Billing Methodology**

Rates are based on the costs of insurance coverage purchased from third-party insurance carriers and/or the direct cost of coverage for any risk not insured, and applicable administrative costs. Rates are also weighted to reflect the respective risk of each type of property and each agency.

## **VI. Billing Rates**

Since the cost of claims is known by department/agency, an actual dollar amount that represents a specific department/agencies premium is computed and billed to each department/agency.

## **VII. Actuarial Report**

The actuarial report covering this Fund has been provided as a separate document titled “Actuarial Study of the Self-Insured Workers Compensation, Public Liability, Surety Bond, Public Property and State Unemployment Compensation Programs as of June 30, 2013”.

## **VIII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund’s retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Treatment of Variances - The intent of the legislation creating the Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with the operation of the Fund. Therefore, any over/under recovery of costs will be included in subsequent calculations.

This concludes the narrative information on the GSD Risk Management Division Public Property Reserve Fund. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

THE PUBLIC PROPERTY RESERVE (FUND 356)

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$7,010,058
Interest Receivables	561
Accounts/Trade Receivables	412,994
Allowance for Doubtful Accounts	(412,494)
Due from/(to) Other Funds	0
Due from Other Agencies	0
Inventories	0
Total Current Assets	7,011,119
Noncurrent Assets:	
Capital Assets	0
Accumulated Depreciation	0
Total Noncurrent Assets	0
<b>Total Assets</b>	\$7,011,119
<b>Liabilities:</b>	
Current Liabilities	
Claims Payable	1,426,513
Accounts Payable	23,352
Deferred Revenue	0
Accrued Expenses	0
Due to Other Funds	0
Due to Other Agencies	0
Accrued Compensated Absences	0
Total Current Liabilities	1,449,865
Long-Term Debt	
Claims Payable	323,046
<b>Total Liabilities</b>	1,772,911
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	0
Restricted for Insurance/Claims	1,749,559
Unrestricted	3,488,649
Total Net Assets	5,238,208
<b>Total Liabilities and Net Assets</b>	\$7,011,119
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 88 and 90.	

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013

THE PUBLIC PROPERTY RESERVE (FUND 356)

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$11,765,282
Interest Income		10,624
Other Revenue		0
Total Operating Revenues		<u>11,775,906</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$0	
Employee Benefits	0	
In-State Travel	0	
Out-of-State Travel	0	
Maintenance and Repairs	7,494	
Supplies	0	
Contractual Services	4,185,821	
Bad Debts	0	
Operating Costs	4,209,474	
Other Costs	<u>0</u>	8,402,789
Depreciation		0
Capital Outlays		<u>0</u>
Total Operating Expenses		<u>8,402,789</u>
Operating Income (Loss)		<u>3,373,117</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		0
Disposal of Assets - (Loss)		0
Intra-agency Transfer		(515,000)
Other Financing Sources		
General Appropriation	0	
Other State Agency Transfers	0	
Other State Funds	<u>0</u>	0
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	<u>0</u>	0
Total Nonoperating Revenue (Expenses)		<u>(515,000)</u>
Income Before Transfers		<u>2,858,117</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		<u>0</u>
Total Transfers		<u>0</u>
Change in Net Assets		2,858,117
<b>Net Assets - Beginning of Year, as Previously Reported</b>		2,380,091
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>\$5,238,208</u></u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Page 90.		

STATE OF NEW MEXICO  
THE PUBLIC PROPERTY RESERVE (FUND 356)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$2,629,896
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue	\$11,765,282		
Interest Income	10,624		
Other Revenue	0		
Other Financing Sources	0		
Total Revenues		<u>0</u>	11,775,906
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses	8,402,789		
Intra-agency transfers (Risk Management Operating Fund 352)	515,000		
Capital Outlays	0		
Other Financing Uses (Prior year warrant cancellation)	0		
Total Per Financial Statements		<u>0</u>	8,917,789
Deductions OMB A-87 Unallowable Costs			
Provision for Losses - Allowance for Bad Debts	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions		<u>0</u>	0
Additional OMB A-87 Allowable Costs			
FY 2013 SWCAP Costs	0		
Other	0		
Total Additions		<u>0</u>	0
OMB A-87 Allowable Expenditures			8,917,789
Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earnings	0		
Total Adjustments		<u>0</u>	0
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		\$5,488,013
Allowable Reserve (60 days)	(B)		1,465,938
Excess Balance (A) - (B)			4,022,075

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfers In	0		
Less: Transfers Out	0		
Net Transfers		<u>0</u>	0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			(249,805)
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	0		
Additional OMB A-87 Allowable Costs	0		
Imputed Interest Earnings	0		
Total Adjustments		<u>0</u>	0
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		(\$249,805)

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$5,238,208
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***GSD RISK MANAGEMENT DIVISION – STATE UNEMPLOYMENT  
COMPENSATION***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**GSD Risk Management Division  
State Unemployment Compensation**

**I. Service Description**

The State Unemployment Compensation Reserve accounts for the administration of all contributions collected from state agencies and payments made to state employee beneficiaries pursuant to the Unemployment Compensation Law. The fund is self-insured and financing is provided through billings to State departments/agencies and interest earned on invested funds. The fund is administered by the Risk Management Division of the General Services Department (GSD).

**II. Financial Statements**

All financial activities associated with state unemployment compensation are recorded in a GSD non-major enterprise fund. The fund is Fund 353, the State Unemployment Compensation Reserve Fund. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for non-major enterprise funds under the heading of "State Unemployment Compensation". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 88 and 90.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 92.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

**V. Billing Methodology**

The billing rates are developed and based on information provided by the Department of Workforce Solutions on actual reimbursements made to that agency to reimburse unemployment payments made to prior state and school covered employees. Payments covering three years are averaged against a recommended cash reserve provided by a

third party administrator, TALX, and a percentage applied to bring each entity's reserve toward sufficiency. The percentage includes administrative costs to manage the Fund and is authorized for transfer from Fund 353 to the Risk Management Operating Fund and GSD Program Support in the General Appropriations Act. In addition, the billing rates are developed in conjunction with information contained in the actuarial study of the various funds managed by the GSD Risk Management Division. The actuarial data is a mathematical model used to project the unemployment claims paid out versus the annual premiums required to maintain the fund.

#### **VI. Billing Rates**

Since the cost of claims is known by department/agency, an actual dollar amount that represents a specific department/agencies premium is computed and billed to each department/agency.

#### **VII. Actuarial Report**

The actuarial report covering this Fund has been provided as a separate document titled "Actuarial Study of the Self-Insured Workers Compensation, Public Liability, Surety Bond, Public Property and State Unemployment Compensation Programs as of June 30, 2013".

#### **VIII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Treatment of Variances - The intent of the legislation creating the Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with the operation of the Fund. Therefore, any over/under recovery of costs will be included in subsequent calculations.

This concludes the narrative information on the GSD Risk Management Division State Unemployment Compensation Reserve Fund. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

THE STATE UNEMPLOYMENT COMPENSATION RESERVE (FUND 353)

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$2,036,567
Interest Receivables	0
Accounts/Trade Receivables	2,325,194
Allowance for Doubtful Accounts	(2,325,194)
Due from/(to) Other Funds	0
Due from Other Agencies	0
Inventories	0
Total Current Assets	2,036,567
Noncurrent Assets:	
Capital Assets	0
Accumulated Depreciation	0
Total Noncurrent Assets	0
<b>Total Assets</b>	<b>\$2,036,567</b>
<b>Liabilities:</b>	
Current Liabilities	
Claims Payable	\$7,929,361
Accounts Payable	2,314
Deferred Revenue	0
Accrued Expenses	0
Due to Other Funds	1,152,829
Due to Other Agencies	0
Accrued Compensated Absences	0
Total Current Liabilities	9,084,504
Long-Term Debt	
Claims Payable	0
<b>Total Liabilities</b>	<b>9,084,504</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	0
Restricted for Insurance/Claims	7,929,361
Unrestricted	(14,977,298)
Total Net Assets	(7,047,937)
<b>Total Liabilities and Net Assets</b>	<b>\$2,036,567</b>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 88 and 90.	

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013

THE STATE UNEMPLOYMENT COMPENSATION RESERVE (FUND 353)

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$12,745,769
Interest Income		7,127
Other Revenue		0
Total Operating Revenues		<u>12,752,896</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$0	
Employee Benefits	0	
In-State Travel	0	
Out-of-State Travel	0	
Maintenance and Repairs	0	
Supplies	0	
Contractual Services	74,668	
Allowance for Bad Debts	0	
Operating Costs	13,008,685	
Other Costs	<u>0</u>	13,083,353
Depreciation		0
Capital Outlays		<u>0</u>
Total Operating Expenses		<u>13,083,353</u>
Operating Income (Loss)		<u>(330,457)</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		0
Disposal of Assets - (Loss)		0
Intra-agency Transfer		(15,542)
Other Financing Sources		
General Appropriation	0	
Other State Agency Transfers	0	
Other State Funds	<u>0</u>	0
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	<u>0</u>	0
Total Nonoperating Revenue (Expenses)		<u>(15,542)</u>
Income Before Transfers		<u>(345,999)</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		<u>0</u>
Total Transfers		<u>0</u>
Change in Net Assets		(345,999)
<b>Net Assets - Beginning of Year, as Previously Reported</b>		(6,701,938)
<b>Restatement of Net Assets</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>(\$7,047,937)</u></u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Page 92.		

STATE OF NEW MEXICO  
THE STATE UNEMPLOYMENT COMPENSATION RESERVE (FUND 353)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$3,581,654)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue	\$12,745,769		
Interest Income	7,127		
Other Revenue	0		
Gain on Disposal of Assets	0		
Other Financing Sources	0		
Total Revenues			12,752,896
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses	13,083,353		
Depreciation	0		
Intra-agency transfers (Risk Management Operating Fund 352)	15,542		
Capital Outlays	0		
Disposal of Assets - Loss	0		
Other Financing Uses	0		
Total Per Financial Statements	13,098,895		
Deductions OMB A-87 Unallowable Costs			
Provision for Losses - Allowance for Bad Debts	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions			0
Additional OMB A-87 Allowable Costs			
FY 2013 SWCAP Costs	0		
Other	0		
Total Additions			0
OMB A-87 Allowable Expenditures			13,098,895
Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earnings	0		
Total Adjustments			0
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$3,927,653)
Allowable Reserve (60 days)	(B)		2,153,243
Excess Balance (A) - (B)			(6,080,896)

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfers In	0		
Less: Transfers Out	0		
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			(3,120,284)
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	0		
Additional OMB A-87 Allowable Costs	0		
Imputed Interest Earnings	0		
Total Adjustments			0
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		(\$3,120,284)

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		(\$7,047,937)
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***GSD RISK MANAGEMENT DIVISION – SURETY BOND***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**GSD Risk Management Division  
Surety Bond Coverage**

**I. Service Description**

The Surety Bond Fund accounts for surety bond coverage of all or any portion of the surety bond risk of State departments/agencies covered by a surety bond certificate of coverage issued by Risk Management Division (RMD) of the General Services Department (GSD). This is a self-insurance fund. Financing is provided through the collection or transfer of funds from each State department/agency to cover costs of coverage of employees of each department/agency and from interest earned on investments. The Fund is administered by the Risk Management Division of the General Services Department (GSD).

**II. Financial Statements**

All financial activities associated with the Fund are recorded in a GSD non-major enterprise fund. The fund is Fund 358, the Surety Bond Fund. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for non-major enterprise funds under the heading of "Surety Bond". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 88 and 90.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 92.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

## **V. Billing Methodology**

The billing rates are developed based on information contained in the actuarial study of the various funds managed by the GSD Risk Management Division. In addition, an administrative cost that includes an allocation from the State-wide cost allocation plan, an assessment from the GSD Office of the Secretary, the GSD Administrative Services Division, and the Risk Management Operating Fund is added to the cost factor. The total premium is basically computed as follows:

1. A loss development factor is computed by computing an average of the last five years for the “limited reported incurred losses” and dividing that by the average of the last five years “projected ultimate limited losses”.
2. Multiply the total losses of the prior five years “limited reported incurred losses” by the loss development factor, and dividing the result by 5 to obtain an “Annual Base Premium”.
3. Add director adjustment, if any, plus any other special/designated premiums.
4. Multiply the result in step 3 by an “exposure” and “experience” factor.

## **VI. Billing Rates**

Since the cost of claims is known by department/agency, an actual dollar amount that represents a specific department/agencies premium is computed and billed to each department/agency.

## **VII. Actuarial Report**

The actuarial report covering this Fund has been provided as a separate document titled “Actuarial Study of the Self-Insured Workers Compensation, Public Liability, Surety Bond, Public Property and State Unemployment Compensation Programs as of June 30, 2013”.

## **VIII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund’s retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Treatment of Variances - The intent of the legislation creating the Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with the operation of the Fund. Therefore, any over/under recovery of costs will be included in subsequent calculations.

This concludes the narrative information on the GSD Risk Management Division Surety Bond Fund. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

THE SURETY BOND (FUND 358)

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$1,034,601
Interest Receivables	89
Accounts/Trade Receivables	255,959
Allowance for Doubtful Accounts	(254,959)
Due from/(to) Other Funds	0
Due from Other Agencies	0
Inventories	0
Total Current Assets	1,035,690
Noncurrent Assets:	
Capital Assets	0
Accumulated Depreciation	0
Total Noncurrent Assets	0
<b>Total Assets</b>	<b>\$1,035,690</b>
<b>Liabilities:</b>	
Current Liabilities	
Claims Payable	\$3,430
Accounts Payable	0
Deferred Revenue	0
Accrued Expenses	0
Due to Other Funds	0
Due to Other Agencies	0
Accrued Compensated Absences	0
Total Current Liabilities	3,430
Long-Term Liabilities	
Claims Payable	2,427
<b>Total Liabilities</b>	<b>5,857</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	0
Restricted for Insurance/Claims	5,857
Unrestricted	1,023,976
Total Net Assets	1,029,833
<b>Total Liabilities and Net Assets</b>	<b>\$1,035,690</b>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 88 and 90.	

**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013**

**THE SURETY BOND (FUND 358)**

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$72,000
Interest Income		3,295
Other Revenue		0
Total Operating Revenues		<u>75,295</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$0	
Employee Benefits	0	
In-State Travel	0	
Out-of-State Travel	0	
Supplies	0	
Contractual Services	65,310	
Bad Debt	0	
Operating Costs	240,708	
Other Costs	0	
Depreciation		0
Capital Outlays		0
Total Operating Expenses		<u>306,018</u>
Operating Income (Loss)		<u>(230,723)</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		0
Disposal of Assets - (Loss)		0
Intra-agency Transfer		(31,700)
Other Financing Sources		
General Appropriation	0	
Other State Agency Transfers	0	
Other State Funds	0	
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	0	
Total Nonoperating Revenue (Expenses)		<u>(31,700)</u>
Income Before Transfers		<u>(262,423)</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		0
Total Transfers		<u>0</u>
Change in Net Assets		(262,423)
<b>Net Assets - Beginning of Year, as Previously Reported</b>		1,292,256
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>\$1,029,833</u></u>

**Source of Information:**

Independent Accountant's Reports and Financial Statements - Page 92.

STATE OF NEW MEXICO  
THE SURETY BOND (FUND 358)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			\$1,523,466
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue	\$72,000		
Interest Income	3,295		
Other Revenue	0		
Gain on Disposal of Assets	0		
Other Financing Sources	0		
Total Revenues		75,295	
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses	306,018		
Depreciation	0		
Intra-agency transfers (Risk Management Operating Fund 352)	31,700		
Capital Outlays	0		
Disposal of Assets - Loss	0		
Other Financing Uses	0		
Total Per Financial Statements	337,718		
Deductions OMB A-87 Unallowable Costs			
Provision for Losses	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions		0	
Additional OMB A-87 Allowable Costs			
FY 2013 SWCAP Costs	0		
Other	0		
Total Additions		0	
OMB A-87 Allowable Expenditures		337,718	
Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earnings	0		
Total Adjustments		0	
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		\$1,261,043
Allowable Reserve (60 days)	(B)	55,515	
Excess Balance (A) - (B)		1,205,528	

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfers In	0		
Less: Transfers Out	0		
Net Transfers		0	
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			(231,210)
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	0		
Additional OMB A-87 Allowable Costs	0		
Imputed Interest Earnings	0		
Total Adjustments		0	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		(\$231,210)

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR	(A) + (C) + (D)		\$1,029,833
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***GSD RISK MANAGEMENT DIVISION – PUBLIC LIABILITY  
INSURANCE***

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**State of New Mexico  
FY 2015 Statewide Cost Plan  
Section II Billed Costs Information**

**GSD Risk Management Division  
Public Liability Insurance**

**I. Service Description**

The Public Liability Fund provides for liability insurance for State departments/agencies and their employees, and for any local public body participating in the Fund, and pays claims and judgments against governmental entities or their employees covered by a certificate of coverage. This is a self-insurance fund. Financing is provided through collections and transfers from governmental entities and interest earned on invested funds. The Fund is administered by the Risk Management Division of the General Services Department (GSD).

**II. Financial Statements**

All financial activities associated with the Fund are recorded in a GSD enterprise fund. The fund is Fund 357. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for enterprise funds under the heading of "357 Public Liability". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 21 and 23.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 25.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

## **V. Billing Methodology**

The billing rates are developed based on information contained in the actuarial study of the various funds managed by the GSD Risk Management Division. In addition, an administrative cost that includes an allocation from the State-wide cost allocation plan, an assessment from the GSD Office of the Secretary, the GSD Administrative Services Division, and the Risk Management Operating Fund is added to the cost factor. The total premium is basically computed as follows:

1. A loss development factor is computed by computing an average of the last five years for the “limited reported incurred losses” and dividing that by the average of the last five years “projected ultimate limited losses”.
2. Multiply the total losses of the prior five years “limited reported incurred losses” by the loss development factor, and dividing the result by 5 to obtain an “Annual Base Premium”.
3. Add director adjustment, if any, plus any other special/designated premiums.
4. Multiply the result in step 3 by an “exposure” and “experience” factor.

## **VI. Billing Rates**

Since the cost of claims is known by department/agency, an actual dollar amount that represents a specific department/agencies premium is computed and billed to each department/agency.

## **VII. Actuarial Report**

The actuarial report covering this Fund has been provided as a separate document titled “Actuarial Study of the Self-Insured Workers Compensation, Public Liability, Surety Bond, Public Property and State Unemployment Compensation Programs as of June 30, 2013”.

## **VIII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund’s retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Treatment of Variances - The intent of the legislation creating the Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with the operation of the Fund. Therefore, any over/under recovery of costs will be included in subsequent calculations.

This concludes the narrative information on the GSD Risk Management Division Public Liability Fund. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

THE PUBLIC LIABILITY (FUND 357)

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$39,771,758
Interest Receivables	3,681
Accounts/Trade Receivables	606,857
Allowance for Doubtful Accounts	(605,457)
Due from/(to) Other Funds	0
Due from Other Agencies	0
Inventories	0
Total Current Assets	39,776,839
Noncurrent Assets:	
Capital Assets	0
Accumulated Depreciation	0
Total Noncurrent Assets	0
<b>Total Assets</b>	<b>\$39,776,839</b>
<b>Liabilities:</b>	
Current Liabilities	
Claims Payable	\$40,832,620
Accounts Payable	1,903,857
Deferred Revenue	0
Accrued Expenses	0
Due to Other Funds	0
Due to Other Agencies	0
Accrued Compensated Absences	0
Total Current Liabilities	42,736,477
Long-Term Liabilities	
Claims Payable	67,630,464
<b>Total Liabilities</b>	<b>110,366,941</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	
Restricted for Insurance/Claims	108,463,084
Unrestricted	(179,053,186)
<b>Total Net Assets</b>	<b>(70,590,102)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$39,776,839</b>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 21 and 23	

**STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013**

**THE PUBLIC LIABILITY (FUND 357)**

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$114,306,804
Interest Income		103,099
Other Revenue		0
Total Operating Revenues		<u>114,409,903</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$0	
Employee Benefits	0	
In-State Travel	742	
Maintenance and Repairs	33,679	
Supplies	35,283	
Contractual Services	12,568,532	
Bad Debts	0	
Operating Costs	1,203,789	
Other Costs	20,940,283	
Depreciation		0
Capital Outlays		0
Total Operating Expenses		<u>34,782,308</u>
Operating Income (Loss)		<u>79,627,595</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		0
Disposal of Assets - (Loss)		0
Intra-agency Transfers		(4,006,600)
Other Financing Sources		
General Appropriation	0	
Other State Agency Transfers	0	
Other State Funds	0	0
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	0	0
Total Nonoperating Revenue (Expenses)		<u>(4,006,600)</u>
Income Before Transfers		<u>75,620,995</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		0
Total Transfers		<u>0</u>
Change in Net Assets		75,620,995
<b>Net Assets - Beginning of Year, as Previously Reported</b>		(146,211,097)
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>(\$70,590,102)</u></u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Pages 25		

STATE OF NEW MEXICO  
THE PUBLIC LIABILITY (FUND 357)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$149,580,584)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue	\$114,306,804		
Interest Income	103,099		
Other Financing Sources	0		
Total Revenues		114,409,903	
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses	34,782,308		
Depreciation	0		
Intra-agency transfers (Risk Management Operating Fund 352)	4,006,600		
Capital Outlays	0		
Disposal of Assets - Loss	0		
Other Financing Uses	0		
Total Per Financial Statements	38,788,908		
Deductions OMB A-87 Unallowable Costs			
Provision for Losses	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions		0	
Additional OMB A-87 Allowable Costs			
FY 2013 SWCAP Costs	0		
Other	0		
Total Additions		0	
OMB A-87 Allowable Expenditures		38,788,908	
Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earnings	0		
Total Adjustments		0	
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$73,959,589)
Allowable Reserve (60 days)	(B)		6,376,259
Excess Balance (A) - (B)			(80,335,848)

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfers In	0		
Less: Transfers Out	0		
Net Transfers		0	
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			3,369,487
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	0		
Additional OMB A-87 Allowable Costs	0		
Imputed Interest Earnings	0		
Total Adjustments		0	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		\$3,369,487

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	(\$70,590,102)
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***GSD RISK MANAGEMENT DIVISION – WORKERS’  
COMPENSATION***

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**State of New Mexico**  
**FY 2015 Statewide Cost Plan**  
**Section II Billed Costs Information**

**GSD Risk Management Division**  
**Workers' Compensation**

**I. Service Description**

The Workers' Compensation Retention Fund accounts for the purchase and administration of workers' compensation insurance and provides appropriate reserves for workers' compensation coverage for employees of State agencies. Workers' compensation coverage is provided to pay benefits prescribed by law for all employees. This coverage also includes employer liability and occupational disease and disablement. This is a self-insurance fund. Financing is provided through collections and transfers from State departments/agencies to cover costs of coverage of employees of that agency and interest earned on invested funds. The Fund is administered by the Risk Management Division of the General Services Department (GSD).

**II. Financial Statements**

All financial activities associated with the Fund are recorded in a GSD enterprise fund. The fund is Fund 359, the Workers' Compensation Retention Fund. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for enterprise funds under the heading of "359 Workers' Compensation Retention". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 21 and 23.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 25.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

## **V. Billing Methodology**

The billing rates are developed based on information contained in the actuarial study of the various funds managed by the GSD Risk Management Division. In addition, an administrative cost that includes an allocation from the State-wide cost allocation plan, an assessment from the GSD Office of the Secretary, the GSD Administrative Services Division, and the Risk Management Operating Fund is added to the cost factor. The total premium is basically computed as follows:

1. A loss development factor is computed by computing an average of the last five years for the “limited reported incurred losses” and dividing that by the average of the last five years “projected ultimate limited losses”.
2. Multiply the total losses of the prior five years “limited reported incurred losses” by the loss development factor, and dividing the result by 5 to obtain an “Annual Base Premium”.
3. Add director adjustment, if any, plus any other special/designated premiums.
4. Multiply the result in step 3 by an “exposure” and “experience” factor.

## **VI. Billing Rates**

Since the cost of claims is known by department/agency, an actual dollar amount that represents a specific department/agencies premium is computed and billed to each department/agency.

## **VII. Actuarial Report**

The actuarial report covering this Fund has been provided as a separate document titled “Actuarial Study of the Self-Insured Workers Compensation, Public Liability, Surety Bond, Public Property and State Unemployment Compensation Programs as of June 30, 2013”.

## **VIII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund’s retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Treatment of Variances - The intent of the legislation creating the Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with the operation of the Fund. Therefore, any over/under recovery of costs will be included in subsequent calculations.

This concludes the narrative information on the GSD Risk Management Division Workers’ Compensation Retention Fund. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

THE WORKER'S COMPENSATION RETENTION (FUND 359)

	<b>FUND TOTAL</b>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$12,960,042
Interest Receivables	1,084
Accounts/Trade Receivables	1,075,446
Allowance for Doubtful Accounts	(1,075,115)
Due from/(to) Other Funds	0
Due from Other Agencies	0
Inventories	0
Total Current Assets	12,961,457
Noncurrent Assets:	
Capital Assets	0
Accumulated Depreciation	0
Total Noncurrent Assets	0
<b>Total Assets</b>	<b>\$12,961,457</b>
<b>Liabilities:</b>	
Current Liabilities	
Claims Payable	\$11,913,437
Accounts Payable	58,209
Accrued Expenses	0
Due to Other Funds	0
Due to Other Agencies	0
Loan Payable	0
Accrued Compensated Absences	0
Total Current Liabilities	11,971,646
Long-Term Liabilities	
Claims Payable	38,619,300
<b>Total Liabilities</b>	<b>50,590,946</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	0
Restricted for Insurance/Claims	50,532,737
Unrestricted	(88,162,226)
Total Net Assets	(37,629,489)
<b>Total Liabilities and Net Assets</b>	<b>\$12,961,457</b>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 21 and 23	

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013

THE WORKER'S COMPENSATION RETENTION (FUND 359)

		<u>FUND TOTAL</u>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$18,511,572
Interest Income		34,190
Other Revenue		0
Total Operating Revenues		<u>18,545,762</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$0	
Employee Benefits	0	
In-State Travel	0	
Out-of-State Travel	0	
Maintenance and Repairs	21,221	
Supplies	36,085	
Contractual Services	1,290,916	
Allowance for Bad Debts	0	
Operating Costs	12,058	
Other Costs	<u>24,374,603</u>	25,734,883
Depreciation		0
Capital Outlays		0
Total Operating Expenses		<u>25,734,883</u>
Operating Income (Loss)		<u>(7,189,121)</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		0
Disposal of Assets - (Loss)		0
Intra-agency Transfer		(1,080,000)
Other Financing Sources		
General Appropriation	0	
Other State Agency Transfers	0	
Other State Funds	<u>0</u>	0
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	<u>0</u>	0
Total Nonoperating Revenue (Expenses)		<u>(1,080,000)</u>
Income Before Transfers		<u>(8,269,121)</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		0
Total Transfers		<u>0</u>
Change in Net Assets		(8,269,121)
<b>Net Assets - Beginning of Year, as Previously Reported</b>		(29,360,368)
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>(\$37,629,489)</u></u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Page 25		

STATE OF NEW MEXICO  
THE WORKER'S COMPENSATION RETENTION (FUND 359)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$28,140,657)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue	\$18,511,572		
Interest Income	34,190		
Other Financing Sources	0		
Total Revenues		18,545,762	
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses	25,734,883		
Depreciation	0		
Intra-agency transfers (Risk Management Operating Fund 352)	1,080,000		
Capital Outlays	0		
Disposal of Assets - Loss	0		
Other Financing Uses (Prior year warrant cancellation)	0		
Total Per Financial Statements	26,814,883		
Deductions OMB A-87 Unallowable Costs			
Provision for Losses - Allowance for Bad Debts	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions		0	
Additional OMB A-87 Allowable Costs			
FY 2013 SWCAP Costs	0		
Other	0		
Total Additions		0	
OMB A-87 Allowable Expenditures		26,814,883	
Adjustments:			
Prior Period Adjustments	0		
Imputed Interest Earnings	0		
Total Adjustments		0	
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$36,409,778)
Allowable Reserve (60 days)	(B)		4,407,926
Excess Balance (A) - (B)			(40,817,704)

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfers In	0		
Less: Transfers Out	0		
Net Transfers		0	
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			(1,219,711)
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs	0		
Additional OMB A-87 Allowable Costs	0		
Imputed Interest Earnings	0		
Total Adjustments		0	
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		(\$1,219,711)

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	(\$37,629,489)
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***GSD RISK MANAGEMENT DIVISION – GROUP HEALTH  
AND LIFE INSURANCE***

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**State of New Mexico**  
**FY 2015 Statewide Cost Plan**  
**Section II Billed Costs Information**

**GSD Risk Management Division**  
**Group Health and Life Insurance**

**I. Service Description**

The Group Insurance Premium Stabilization Fund is used to account for money appropriated, employers' contributions, employees' contributions, insurance proceeds, and other income from group life, vision care, dental care, health, and disability insurance plans pursuant to State law. Disbursements in the forms of payments for related services are also made pursuant to State law. The Fund also is used to account for premiums collected under the Consolidated Omnibus Budget Reconciliation Act (COBRA) from former employees who have elected to continue their health insurance coverage under the group insurance plans. The Fund is administered by the Risk Management Division of the General Services Department (GSD).

**II. Financial Statements**

All financial activities associated with the Fund are recorded in a GSD enterprise fund. The fund is Fund 752. Financial statements for the Fund are presented in GSD audited Independent Accountants' Reports and Financial Statements (Audit) on the statements for enterprise funds under the heading of "752 Group Insurance Premium Stabilization". The following exhibits are provided in this document:

1. Exhibit A: Statement of Net Assets – the statement is presented in GSD's Audit on pages 22 and 24.
2. Exhibit B: Statement of Revenues, Expenses, and Changes in the Fund Net Assets – the statement is presented in GSD's Audit on page 26.

**III. Non-Operating Transfers**

1. Non-operating transfers in from other funds – There were no non-operating transfers in during the fiscal year ended June 30, 2013.
2. Non-operating transfers out to other funds – There were no non-operating transfers out during the fiscal year ended June 30, 2013.

**IV. Prior Year Adjustments**

There were no prior year adjustments to the fund balance during the fiscal year ended June 30, 2013.

## **V. Billing Methodology**

Each year an analysis is made of the revenue generated versus the claims paid by type of coverage, by employee status (i.e., single, family, etc.). Based on this analysis and actuarially determined reserve requirements, an adjustment in the premium rates by type of coverage and by employee status is computed. This is a self-insurance fund. Financing is provided through collections and transfers from governmental entities and interest earned on invested funds

## **VI. Actuarial Report**

The actuarial report covering this Fund has been provided as a separate document.

## **VII. Reconciliation**

1. Fund Reconciliation - Exhibit C provides a reconciliation of the Fund's retained earnings balance to Federal principles as presented in U.S. Office of Management and Budget Circular A-87 (OMB A-87).
2. Treatment of Variances - The intent of the legislation creating the Fund was that the Fund should be self sustaining through the assessment of charges for services that are sufficient to cover all direct and indirect costs associated with the operation of the Fund. Therefore, any over/under recovery of costs will be included in subsequent calculations.

This concludes the narrative information on the GSD Risk Management Division Group Insurance Premium Stabilization Fund. The previously noted exhibits are provided on the following pages.

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2013

THE GROUP INSURANCE PREMIUM STABILIZATION (FUND 752)

	<u>FUND TOTAL</u>
<b>Assets:</b>	
Current Assets:	
State General Fund Investment Pool	\$14,337,849
Interest Receivables	2,265
Accounts/Trade Receivables	0
Allowance for Doubtful Accounts	0
Due from/(to) Other Funds	0
Due from Other Agencies	0
Other Assets	0
Inventories	0
Total Current Assets	<u>14,340,114</u>
Noncurrent Assets:	
Capital Assets	
Accumulated Depreciation	
Total Noncurrent Assets	<u>0</u>
<b>Total Assets</b>	<u><u>\$14,340,114</u></u>
<b>Liabilities:</b>	
Current Liabilities	
Claims Payable	\$42,250,043
Accounts Payable	17,170,868
Deferred Revenue	0
Accrued Expenses	0
Due to Other Funds	1,556,074
Due to Other Agencies	0
Accrued Compensated Absences	0
Total Current Liabilities	<u>60,976,985</u>
Long-Term Debt	
Compensated Absences Payable	<u>0</u>
<b>Total Liabilities</b>	<u>60,976,985</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	0
Restricted for Insurance/Claims	42,250,043
Unrestricted	<u>(88,886,914)</u>
<b>Total Net Assets</b>	<u>(46,636,871)</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$14,340,114</u></u>
<b>Source of Information:</b>	
Independent Accountant's Reports and Financial Statements - Pages 22 and 24	

STATE OF NEW MEXICO  
GENERAL SERVICES DEPARTMENT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
AS OF JUNE 30, 2013

THE GROUP INSURANCE PREMIUM STABILIZATION (FUND 752)

		<b>FUND TOTAL</b>
<b>Operating Revenues</b>		
Service Fees/Premiums		\$297,260,212
Interest Income		49,298
Other Revenue		0
Total Operating Revenues		<u>297,309,510</u>
<b>Operating Expenses</b>		
Current Expenses		
Personal Services	\$0	
Employee Benefits	0	
In-State Travel	0	
Out-of-State Travel	0	
Maintenance and Repairs	0	
Supplies	37,091	
Contractual Services	18,373,659	
Operating Costs	0	
Other Costs	320,491,861	
		<u>338,902,611</u>
Depreciation		0
Capital Outlays		0
Total Operating Expenses		<u>338,902,611</u>
Operating Income (Loss)		<u>(41,593,101)</u>
<b>Non Operating Revenues (Expenses)</b>		
Disposal of Assets - Gain		0
Disposal of Assets - (Loss)		0
Intra-agency Transfer		(1,569,067)
Other Financing Sources		
General Appropriation	9,240,000	
Other State Agency Transfers	0	
Other State Funds	0	
		<u>9,240,000</u>
Other Financing (Uses)		
General Appropriation	0	
Other State Agency Transfers	0	
Total Nonoperating Revenue (Expenses)		<u>7,670,933</u>
Income Before Transfers		<u>(33,922,168)</u>
<b>Transfers</b>		
Transfers From Other Funds		0
Transfers To Other Funds		0
Total Transfers		<u>0</u>
Change in Net Assets		(33,922,168)
<b>Net Assets - Beginning of Year, as Previously Reported</b>		(12,714,703)
<b>Adjustments Applicable to Prior Year</b>		<u>0</u>
<b>Net Assets - End of Year</b>		<u><u>(\$46,636,871)</u></u>
<b>Source of Information:</b>		
Independent Accountant's Reports and Financial Statements - Page 26		

**STATE OF NEW MEXICO  
THE GROUP INSURANCE PREMIUM STABILIZATION (FUND 752)  
RECONCILIATION OF RETAINED EARNINGS BALANCE TO FEDERAL GUIDELINES  
AS OF JUNE 30, 2013**

**PART I OMB A-87 RETAINED EARNINGS BALANCE**

OMB A-87 RETAINED EARNINGS BALANCE JULY 1, 2012			
Balance Per Prior Year's Reconciliation of Fund to OMB A-87			(\$17,517,364)
FY 2013 RETAINED EARNINGS INCREASE(DECREASE) Per CAFR			
OMB A-87 Revenues			
Service Fees/Revenue		\$297,260,212	
Interest Income		49,298	
Other Financing Sources (Prior year warrant cancellation)		9,240,000	
Total Revenues			306,549,510
Expenditures (Actual Costs):			
Per State's Financial Report			
Current Operating Expenses		338,902,611	
Depreciation		0	
Intra-agency transfers (Risk Management Operating Fund 352)		1,569,067	
Capital Outlays		0	
Disposal of Assets - Loss		0	
Other Financing Uses		0	
Total Per Financial Statements		340,471,678	
Deductions OMB A-87 Unallowable Costs			
Provision for Losses	0		
Less Capital Outlay \$5,000 or Greater	0		
Other	0		
Total Deductions			0
Additional OMB A-87 Allowable Costs			
FY 2013 SWCAP Costs	0		
Other	0		
Total Additions			0
OMB A-87 Allowable Expenditures			340,471,678
Adjustments:			
Prior Period Adjustments		0	
Imputed Interest Earnings		0	
Total Adjustments			0
OMB A-87 RETAINED EARNINGS BALANCE JUNE 30, 2013	(A)		(\$51,439,532)
Allowable Reserve (60 days)	(B)		55,967,947
Excess Balance (A) - (B)			(107,407,479)

**PART II OMB A-87 CONTRIBUTED CAPITAL BALANCE**

OMB A-87 CONTRIBUTED CAPITAL BALANCE JULY 1, 2012			0
TRANSFERS Per CAFR (Supported By Official Accounting Records)			
Plus: Transfers In		0	
Less: Transfers Out		0	
Net Transfers			0
OMB A-87 CONTRIBUTED CAPITAL BALANCE JUNE 30, 2013	(C)		\$0

**PART III OMB A-87 ADJUSTMENTS BALANCE**

OMB A-87 ADJUSTMENTS BALANCE JULY 1, 2012			4,802,661
ADJUSTMENTS:			
Deductions OMB A-87 Unallowable Costs		0	
Additional OMB A-87 Allowable Costs		0	
Imputed Interest Earnings		0	
Total Adjustments			0
OMB A-87 ADJUSTMENTS BALANCE JUNE 30, 2013	(D)		\$4,802,661

**PART IV RECON OF OMB A-87 R.E., CONTRIB CAPITAL & ADJUST BALANCES TO CAFR BALANCE**

RECONCILIATION OF OMB A-87 R.E., CONTR. CAPITAL & ADJUST. BALANCES TO CAFR		(A) + (C) + (D)	(\$46,636,871)
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***THE END***

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