State of New Mexico

Corrections Department

Financial Statements and Schedules

With

Independent Auditors' Report

For the Fiscal Year Ended June 30, 2009

Prepared by the New Mexico Corrections Department
Financial Management Bureau

ANNUAL FINANCIAL REPORT
OF THE NEW MEXICO CORRECTIONS DEPARTMENT
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

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Bill Richardson, Governor
Central Administration:
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Secretary of Corrections, 827-8884
Jolene M. Gonzales
Deputy Secretary, Administration, 827-8667
Tim LeMaster
Deputy Secretary, Operations, 827-8767

Division Directors:
Charlene Knipfing, Probation and Parole, 827-8830
Fernando Gallegos, Training Academy, 827-8900
Willie Marquez, Corrections Industries, 827-8838
Tony E. Marquez Jr., Administrative Services, 827-8601
Larry Pacheco, Information Technology, 827-8713
James R. Brewster, General Counsel, 827-8662

December 11, 2009

The Honorable Bill Richardson, Governor
and
Hector H. Balderas, New Mexico State Auditor
New Mexico State Legislators
Citizens of New Mexico

The Annual Financial and Compliance Audit Report for the State of New Mexico Corrections Department (the Department) for the fiscal year ending June 30, 2009 is hereby submitted.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Department. The enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the Department on a Government-wide (Department-wide) and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the Department's financial activities have been included.

FINANCIAL CONDITION

The Management Discussion and Analysis (MD&A) summarizes the Statement of Net Assets (page 13) and the Statement of Activities (page 14) and reviews the changes from the beginning to the end of the current period. These Government-wide (focusing on the Department as a whole) statements are intended to present the Department in a more corporate style basis.

The Fund Financial Statements, starting on page 15, are designed to address the major individual funds by category (governmental, proprietary, and fiduciary). Explanation of the fund financial statements is included in the MD&A (page 4) and in Note 2 (page 27).

The following review of the types of commitments against net assets for the governmental and business-type activities is intended to supplement the information provided in the MD&A and the Notes to the Financial Statements.

Commitments Against Unrestricted Net Assets

The Unrestricted Net Assets is intended to be a corporate-style measure of well being for the Department's governmental and business-type activities. This amount includes non-reverting cash balances as well as cash restricted for budgetary requirements within the Department. For further explanation of these funds please see Note 2 (page 37) and Note 15 (page 52).

Business-Type Activities

The Department's business-type activity is the Corrections Industries Division. The Corrections Industries Division (CID) was created under the Corrections Industries Act in 1978 to:

> *Enhance the rehabilitation, education and vocational skills of inmates through productive involvement in enterprises and public works of benefit to state agencies and local public bodies and to minimize inmate idleness.*

Results of operations for the various enterprise functions within Corrections Industries are presented in the Schedule of Revenues and Expenses, By Enterprise (pages 80-84).

GENERAL INFORMATION

Accounting & Budgeting Systems

The Department used the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) as its' accounting system in fiscal year 2009, which provides management with financial and budget information. The Department is in its' third full year of SHARE since the implementation at the beginning of fiscal year 2007. The Department has designed internal processes and controls to provide reasonable assurance regarding (1) the proper recording of financial transactions and (2) reliability of the financial records for preparing financial statements.

Budgetary controls are maintained within the system to ensure compliance with the appropriations. Requisitions are entered on-line for the required account codes and encumbrances established are verified against the available budget authorized. Open purchase orders and contract encumbrances at year-end are disencumbered and recreated in the subsequent fiscal year resulting in the reduction of the available budget in the imminent fiscal year.

Budget to actual comparisons demonstrate how the actual expenses/expenditures compare to both the original and final approved budget. Following each comparison are the adjustments necessary to reconcile to Generally Accepted Accounting Principles (GAAP). The following identifies where these comparisons can be found:

- Governmental Major Funds
  - General Fund – Page 19.
  - Community Corrections Special Revenue Fund – Page 20.
- Proprietary - Corrections Industries Revolving Fund – Page 85.

Also included in this report are individual statements by appropriation unit beginning on page 60.

REPORTING ENTITY

The New Mexico Corrections Department is a cabinet level agency within the State of New Mexico. The financial statements issued in this report are separate and stand-alone. The focus is on the Department rather than the State as a whole. All reference to government-wide financial statements contained within these statements refers only to the New Mexico Corrections Department.

REPORT FORMAT

The Annual Financial and Compliance Audit Report is presented in two sections: Introductory and Financial. The Introductory section includes the table of contents, this transmittal letter, the Department's organizational chart, and a list of abbreviations. The Financial section includes the independent auditor's opinion, Management's Discussion and Analysis, Basic Financial Statements, Supplementary Information and Single Audit section.

INDEPENDENT AUDIT

Pursuant to the Audit Act (§12-6-1 through §12-6-14, NMSA 1978), an audit of accounts and financial statements has been completed by an independent Certified Public Accountant, Meyners + Company, LLC. Their report is included in this report.

ACKNOWLEDGEMENTS

The Annual Financial and Compliance Audit Report was prepared by the staff of the Financial Management Bureau of the Administrative Services Division under the direction of Deputy Director Pat Lopez, Bureau Chief Raphael Torres and Accounting Manager Bryan M. Maestas. We express our sincere appreciation to Mr. Lopez, Mr. Torres and Mr. Maestas, and their staff for their work in the preparation of this report, as well as all additional individuals throughout the Department who assisted in this effort. Appreciation is also expressed to the Deputy Secretaries, Wardens, Division Directors, Bureau Chiefs and Business Managers for their diligence and professionalism regarding matters pertaining to the financial affairs of the Department.

Sincerely,

Joe R. Williams – Secretary of Corrections
New Mexico Corrections Department

Jolene M. Gonzales - Deputy Secretary of Administration/Chief Financial Officer
New Mexico Corrections Department

Tony E. Marquez, Jr. – Director
Administrative Services Division

Pat S. Lopez – Deputy Director
Administrative Services Division

Raphael Torres – Bureau Chief
Financial Management Bureau

Bryan M. Maestas, CGFM – Accounting Manager
Financial Management Bureau

NEW MEXICO CORRECTIONS DEPARTMENT
OFFICIAL ROSTER
JUNE 30, 2009

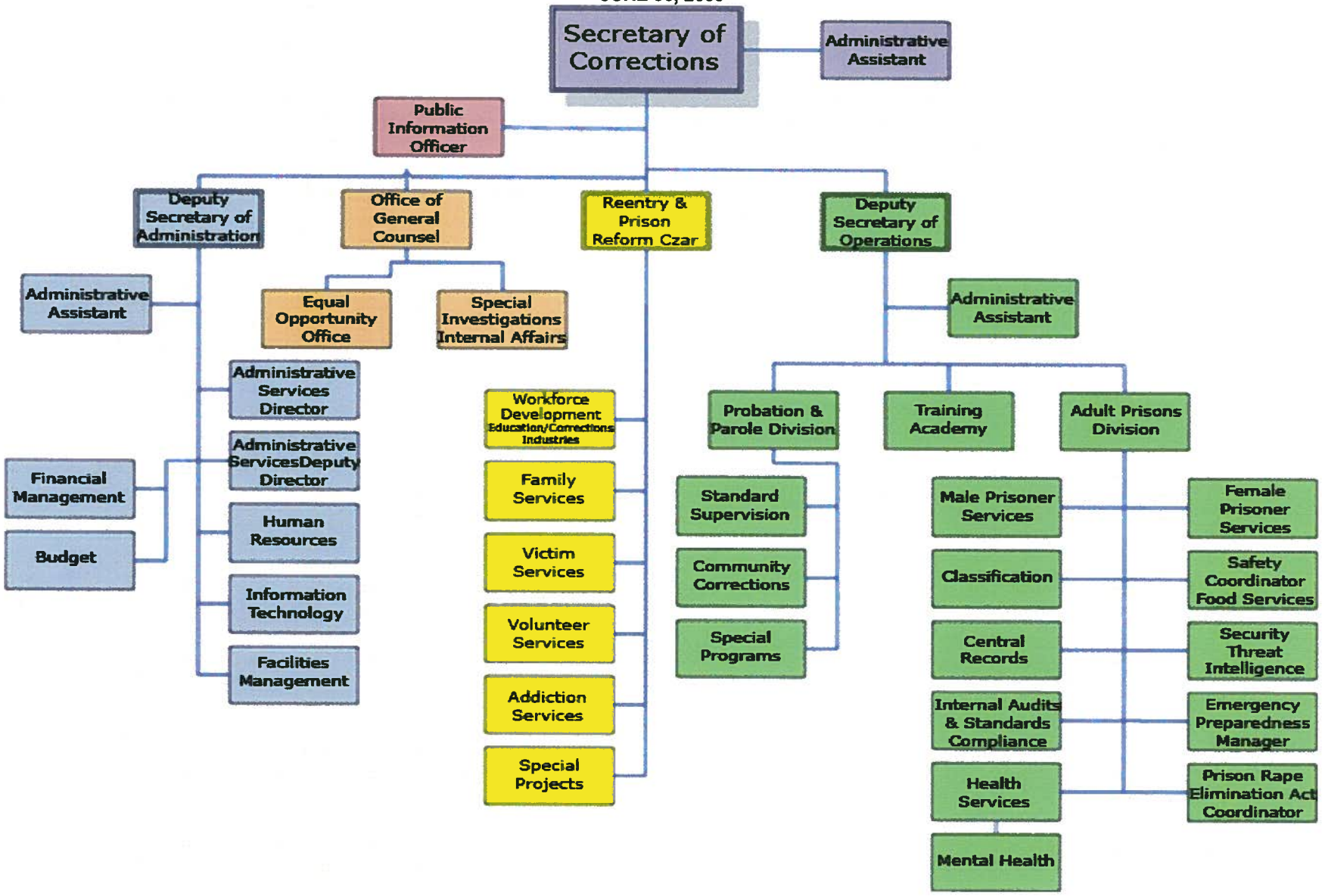
Administrative Officials

Joe R. Williams	Secretary of Corrections
Jolene M. Gonzales	Deputy Secretary – Administration
Tim LeMaster	Deputy Secretary – Operations
Charlene Knipfing	Director of Probation and Parole
Fernando Gallegos	Director of Corrections Training Academy
Willie Marquez	Director of Corrections Industries
Tony E. Marquez, Jr.	Director of Administrative Services
Larry Pacheco	Director of Information Technology
James Brewster	General Counsel

Corrections Industries Commission

George Marquez	Chair
Mark Jaramillo	Member
John R. Holler	Member
Nick H. Brown	Member
Barri Roberts	Member
John Serrano	Member
Michele Marshal	Member

NEW MEXICO CORRECTIONS DEPARTMENT
ORGANIZATIONAL CHART
JUNE 30, 2009



NEW MEXICO CORRECTIONS DEPARTMENT
List of Abbreviations
JUNE 30, 2009

ASB	-	Addiction Services Bureau
APD	-	Adult Prisons Division
ASD	-	Administrative Services Division
CC	-	Community Corrections / Vendor Run [Program]
CID	-	Corrections Industries Division [Program]
COM	-	Community Offender Management [Program]
CNMCF	-	Central New Mexico Correctional Facility
CTA	-	Corrections Training Academy
DFA	-	Department of Finance and Administration
EDB	-	Education Bureau
GSD	-	General Services Department
HSB	-	Health Services Bureau
IMAC	-	Inmate Management and Control [Program]
IP	-	Inmate Programming [Program]
ISP	-	Probation and Parole Intensive Supervision [Program]
ITO	-	Information Technology Office
NMCD	-	New Mexico Corrections Department
PNM	-	Penitentiary of New Mexico
PPD	-	Probation and Parole Division
PS	-	Program Support [Program]
RCC	-	Roswell Correctional Center
SCC		Springer Correctional Center
SHARE		Statewide Human Resources, Accounting, and Management Reporting System
SNMCF	-	Southern New Mexico Correctional Facility
WNMCF	-	Western New Mexico Correctional Facility

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Mexico Corrections Department (the Department), as of and for the year ended June 30, 2009, which collectively comprise the Department's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Department's individual SHARE funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements and schedules as of and the for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the financial statements of the Department are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the entire State of New Mexico as of June 30, 2009, and the respective changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each of the individual SHARE funds of the Department as of June 30, 2009, and the respective changes in financial position thereof and the budgetary comparisons for the governmental and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 1 through 12 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Meyners + Company, LLC

December 7, 2009

FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

The New Mexico Corrections Department (NMCD) discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Department's financial activity, (c) identify changes in the Department's financial position (ability to address future year challenges), (d) identify any material deviations from the financial plan (approved budget), and (e) identify fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts; please read it in conjunction with the transmittal letter at the front of this report and the Department's financial statements and notes which follow this section.

HIGHLIGHTS

Financial Highlights

The Department's net assets increased by $4,096,692. The governmental net assets increased by $3,302,507 and the business-type net assets increased by $794,185.

The business-type activities (Corrections Industries Division) operating revenue decreased by $447,761 and net results from activities (net income) increased by $845,262 for a net income of $794,185 for fiscal year 2009.

The total cost of all Department programs was $304,680,273.

Department Highlights

The mission of the New Mexico Corrections Department (NMCD) is to provide a balanced-system approach to corrections, from incarceration to community-based supervision with training, education, programs and services that provide opportunities for offenders to transition to communities.

In fiscal year 2009, NMCD's total budget increased by 7 percent to $320.5 million, mostly attributable to the opening of the Northeastern New Mexico Detention Facility in Clayton; probation and parole offender growth and sex offender monitoring; the cost of inmate medical services; and salary increases for staff. However, nearly midway through the fiscal year, the State of New Mexico recognized a severe revenue shortage that resulted in a statewide hiring freeze and a 1.9 percent reduction in NMCD's operating budget.

In fiscal year 2009, the probation and parole offender population increased by 4.1 percent, and the year-end inmate population increased to 6,440, or 1.7 percent more than the previous fiscal year. The Department experienced a decline in inmate population the previous two fiscal years after a census high of 6,803 in fiscal year 2006. In fiscal year 2009, the Department suspended or terminated three private prison contracts. These included two facilities for men in Torrance and Santa Fe counties and the Camino Nuevo Correctional Center for women in Albuquerque.

Other Highlights

NMCD continues to monitor its budget closely to reduce costs. NMCD has successfully completed each fiscal year without overspending any program or category appropriation, and has avoided a supplemental appropriation five of the last six fiscal years.

Central Office Manager Bryan Maestas was selected as one of New Mexico Business Weekly's top performing CFOs.

Each year, the publication honors New Mexico's top financial stewards in large, small, private and nonprofit companies. Mr. Maestas was the winner in the public company category.

The Central Office, Training Academy, Corrections Industries, Probation and Parole, Roswell Correctional Center and Guadalupe County Correctional Facility all passed their American Correctional Association (ACA) re-accreditation audits. All facilities scored 100 percent compliance for all mandatory standards. The Central Office, Training Academy, Probation and Parole and Guadalupe County Correctional Facility each scored 100 percent on non-mandatory standards, while Corrections Industries scored 98.6 percent and Roswell Correctional Center attained 99 percent.

NMCD negotiated a contract amendment with the health services vendor in fiscal year 2009 to provide quality care to inmates at the Northeast New Mexico Detention Facility in Clayton at an amount approximately 75 percent less than the estimated cost.

To maintain adequate supervision, the Probation and Parole Division was appropriated 12 new positions, which were assigned to high-risk specialized caseloads and to the Response Center to combat the increasing number of violent offenders. The creation of additional positions has allowed the division to construct high-risk caseloads for officers that specialize in the supervision of high-profile offenders, and those with a history of violence or a sex offense. This allows standard supervision officers to work with offenders who may need less supervision but more treatment services and support programs.

The Information Technology Division's (ITD) use of technology has grown from tracking and storing information to opening and securing prison doors, video surveillance, prison canteen, purchasing and Global Positioning System (GPS) monitoring. ITD has also used advanced technology to facilitate video conferencing for offender reentry, inmate family visitation, statewide training, and parole and court hearings. The Offender Management Program (OMP) software module is complete and was implemented at all public and private prisons. The module allows the department to manage all aspects of programming available to offenders.

Probation and Parole is in the process of implementing the New Mexico Risk and Need Assessment tool, in conjunction with the Institute for Social Research, for placement in the OMP module as a tool to provide more accurate assessments of offenders under probation and parole supervision in New Mexico. The results of the needs assessment will be utilized to assist staff in placing offenders into the appropriate programs that will provide opportunities for offenders to successfully transition to communities. The progress of offenders in the programs will be tracked using the OMP module.

The Sanctioned Parole Violator Unit continues to help address population control. The sanctions for technical parole violators range from 30, 60 or 90 days of incarceration. The Probation and Parole Division recommends sanctions but approval by the Parole Board is required.

All private contracted facilities are continuously audited by the department for contract compliance. Private facilities include Lea County Correctional Facility (Hobbs), Guadalupe County Correctional Facility (Santa Rosa), New Mexico Women's Correctional Facility (Grants) and Northeast New Mexico Detention Facility (Clayton). Each facility is required to develop a corrective action plan for deficiencies.

The Health Services Bureau and Correctional Medical Services (Department's medical vendor) continues to improve the successful telepsychiatry program already implemented, augmenting it by on-site psychiatric visits and technology improvements designed to maintain the quality of an already successful program. This program was expanded to NNMDF in Clayton.

A comprehensive study of therapeutic community program inmate graduates indicates a recidivism rate of 26 percent over 35 months, which is significantly lower than the department's overall rate of 47 percent.

The Training Academy Division was selected by the United States State Department as a host agency and training model for international corrections training techniques. The first international cadet class participated in the training academy program and graduated successfully.

In the spring of 2008, Governor Bill Richardson convened a prison reform task force that examined and reported the accumulation of issues associated with incarceration in New Mexico. The report focused on facilitating successful reentry and reintegration of inmates. It examined the impact incarceration has on individuals, families and communities. The report and the subsequent creation of an Office of Reentry and Prison Reform by Governor Richardson and NMCD, have set the stage for successful implementation of a reentry offender program.

In fiscal year 2009, the Department completed critical-maintenance projects and purchased needed capital outlay items at the public prisons. Some of the items include:

- Connecting the water and sewer systems of Central New Mexico Correctional Facility (CNMCF) to the Village of Los Lunas due to arsenic problems.
- Replacing boilers at CNMCF, Penitentiary of New Mexico (PNM) and Western New Mexico Correctional Center (WNMCF).
- Repairing roofs at the Roswell Correctional Center (RCC), Springer Correctional Center (SCC), PNM, CNMCF and Southern New Mexico Correctional Facility (SNMCF).
- Replacing fire alarms and sprinkler systems at PNM and CNMCF.
- Replacing cell-door control panels at WNMCF.
- Purchasing a medical modular unit at RCC.
- Purchasing kitchen, laundry and security capital outlay.
- Retrofitting various buildings and units.
- Family Visitation Modular at SNMCF.

USING THIS ANNUAL REPORT

This annual report is presented under the Governmental Accounting Standards Board (GASB) pronouncement #34. The primary focus in State government is on both the Department (government-wide) and the major individual funds and the financial statements that comprise them. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison and enhance accountability. Although the Department is one of several agencies within the State of New Mexico Government, the Primary Government focus in this financial report is the Department and not the State of New Mexico as a whole.

The components of presentation include Management's Discussion and Analysis (MD&A), Government-wide financial statements and fund financial statements, and Required Supplementary Information (RSI). These items along with their subcomponents are addressed in the following sections contained within this report.

Management's Discussion and Analysis

The purpose of the MD&A is to provide an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions. It provides an analysis of the government's overall financial position and results of operations to assist users in assessing whether the financial position has improved as a result of the year's activities. Additionally, it addresses analyses of significant changes that have occurred in funds and significant budget variances.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add to a total for the Primary Government and consist of a statement of net assets and a statement of activities. These statements should report all of the assets, liabilities, revenues, expenses, and gains and losses of the government. Both statements distinguish between the governmental and business-type activities of the primary government. Fiduciary activities whose resources are not available to finance the government's programs are excluded from the government-wide statements.

The government-wide financial statements of the Department are divided into two categories:

- Governmental Activities – Most of the Department's basic services are included in the governmental activities. State appropriations and federal grants finance most of these activities. The funds included in Governmental Activities for the Department are the General Operating Fund (including Probation and Parole activities and the Building Fund), the Community Corrections Special Revenue Fund, and State Capital Projects Fund.

- Business-type Activities – The Department's Corrections Industries Division charges customers a fee for goods and services. These activities are accounted for as a business-type activity.

Fund Financial Statements

Fund financial statements consist of a series of statements that focus on information about the major governmental and enterprise funds. Fund financial statements also report information about a government's fiduciary funds. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary fund financial statements (enterprise funds) and fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Emphasis on fund financial statements is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. Due to the limited fund structure of the Department, all funds have been classified as Major Funds.

The Department has three types of funds:

- Governmental funds – Most of the Department's services are included in governmental funds which focus on (a) how cash and other financial assets, that can be readily converted to cash, flow in and out and (b) the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view that help the user determine whether there are more or fewer financial resources that can be spent in the near future to finance the Department's programs. Since this information does not include the additional long-term focus of the government-wide statements, reconciliation between the government-wide statements and the fund financial statements is provided for governmental-type activities.

- Proprietary funds – Goods and Services for which the Department's Corrections Industries Division charges customers a fee are reported as proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term information.

- Fiduciary funds – Fiduciary funds are used to report assets held in trustee or agency capacity for others and therefore are not available to support Department programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. With the implementation of GASB #34, fiduciary funds are not included with the governmental-type funds since these funds are not available to support the Department's programs. The Department's fiduciary fund is the Inmate Trust Account.

Notes to the Financial Statements

The notes to the financial statements consist of notes that provide additional information that is essential to a user's understanding of the basic financial statements. The notes to the financial statements can be found starting on page 25.

Infrastructure Assets

GASB #34 requires that infrastructure assets (roads, bridges, traffic signals, etc.) be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either depreciate these assets over their estimated useful life or develop a system of asset management designed to maintain the service delivery potential. The Department does not own a material interest in any infrastructure assets and therefore is not required to implement this portion of GASB #34.

Budgetary Comparisons

GASB #34 requires budgetary comparison statements for the general fund and for each major special revenue fund that has a legally adopted annual budget to be presented as Required Supplementary Information (RSI). The budgetary comparison statements present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis.

As required by the Office of the State Auditor under 2.2.2 NMAC, the Statements of Revenues and Expenditures – Budget and Actual are also presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

Corrections Industries Division is required by NMSA 1978 §33-8-6, section O, item #1, to present a detailed financial statement for each enterprise in each facility. This information has been included as a fund financial statement.

FINANCIAL ANALYSIS OF THE DEPARTMENT AS A WHOLE

Table A-1

The Department's Net Assets

	Governmental Activities		Business-Type Activities		Total *		Total Percentage Change
	FY2008	FY2009	FY2008	FY2009	FY2008	FY2009	2008-2009
Current and Other Assets	$ 43,655,726	$ 44,443,328	$ 4,193,531	$ 4,884,940	$ 47,849,257	$ 49,328,268	3.09%
Capital and Non-Current Assets	36,623,528	40,152,565	464,077	376,565	37,087,605	40,529,130	9.28%
Total Assets	80,279,254	84,595,893	4,657,608	5,261,505	84,936,862	89,857,398	5.79%
Current Liabilities	34,709,210	35,723,342	657,443	467,155	35,366,653	36,190,497	2.33%
Long-Term Liabilities	-	-	-	-	-	-	0.00%
Total Liabilities	34,709,210	35,723,342	657,443	467,155	35,366,653	36,190,497	2.33%
Net Assets							
Invested in Capital Assets net of Related Debt	36,623,528	40,152,565	464,077	376,565	37,087,605	40,529,130	9.28%
Restricted	730,706	726,554	-	-	730,706	726,554	-0.57%
Unrestricted	8,215,810	7,993,432	3,536,088	4,417,785	11,751,898	12,411,217	5.61%
Total Net Assets	$ 45,570,044	$ 48,872,551	$ 4,000,165	$ 4,794,350	$ 49,570,209	$ 53,666,901	8.26%

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

Net Assets: Table A-1 summarizes the Department's net assets for the fiscal year ending June 30, 2009. Net assets for Governmental Activities and Business-type Activities were $48,872,551 and $4,794,350, respectively. Total Department net assets for fiscal year 2009 is $53,666,901. However, most of those assets are either restricted as to the purposes they can be used for or are invested in capital assets (buildings, equipment, etc.) The unrestricted net assets in Governmental Activities is $7,993,432 at the end of the fiscal year. The unrestricted net assets amount includes long-term commitments. This results from the New Mexico State Legislature appropriating funds to pay for future liabilities in the year in which they come due.

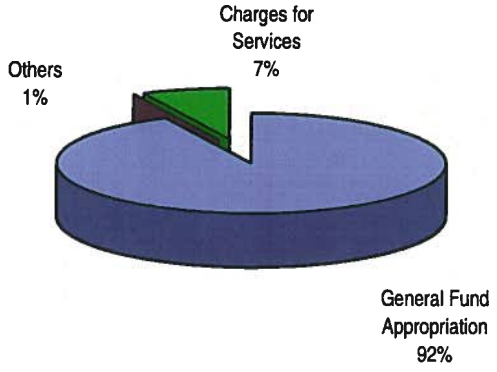
In the Business-type activities, the unrestricted amount of $4,417,785 cannot be used in governmental activities. The Department generally can only use these net assets to finance the continuing operations of its business activities, such as working capital requirements.

Table A-2
Changes in the Department's Net Assets

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
Revenues	FY2008	FY2009	FY2008	FY2009	FY2008	FY2009	2008-2009
Program Revenues							
Charges for Services	$ 16,527,413	$ 17,697,944	$ 4,847,376	$ 4,399,615	$ 21,374,789	$ 22,097,559	3.38%
Operating Grants & Contributions	2,812,914	834,538	-	-	2,812,914	834,538	-70.33%
Capital Grants & Contributions	-	-	-	-	-	-	0.00%
General Revenues							
State General Fund Appropriations	272,406,848	284,996,713	-	-	272,406,848	284,996,713	4.62%
Others	1,373,037	(315,392)	378,712	1,163,547	1,751,749	848,155	-51.58%
Total Revenues	293,120,212	303,213,803	5,226,088	5,563,162	298,346,300	308,776,965	3.50%
Expenses							
Public Safety - Corrections	287,496,477	299,911,296	5,277,165	4,768,977	292,773,642	304,680,273	4.07%
Increase (Decrease) in Net Assets	5,623,735	3,302,507	(51,077)	794,185	5,572,658	4,096,692	-26.49%
Beginning Net Assets	40,946,309	45,570,044	4,051,242	4,000,165	44,997,551	49,570,209	10.16%
Net Asset Restatement	(1,000,000)	-	-	-	(1,000,000)	-	
Ending Net Assets	$ 45,570,044	$ 48,872,551	$ 4,000,165	$ 4,794,350	$ 49,570,209	$ 53,666,901	8.26%

Changes in Net Assets: The Department's change in net assets for fiscal year 2009 was an increase of $4,096,692. (Table A-2). A significant portion, 92%, of the Department's revenue comes from State General Fund Appropriations, 7% comes from charges for services, and 1% for all other revenue sources. (See figure A-1).

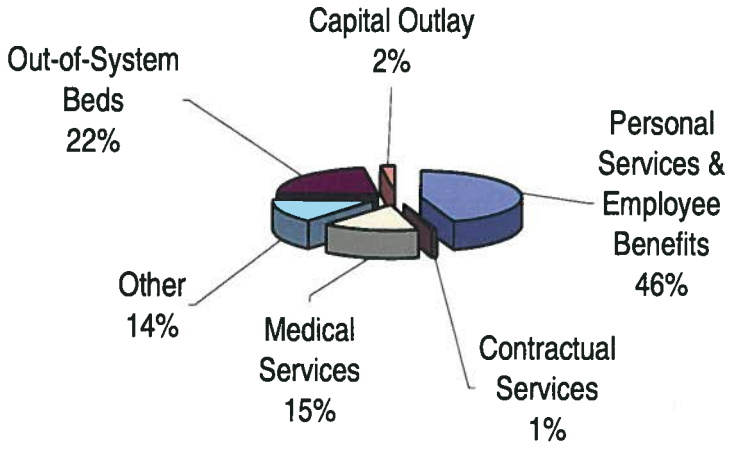
Figure A-1
Sources of Revenues for Fiscal Year 2009



Functional Expenses for Fiscal Year 2009

Governmental –Type Activities

Figure A-2



The Department's total expenditures for government-type activities during the fiscal year were $303.4 million. Approximately half (46%) of the expenditures of the Department are in the area of personal services and employee benefits. Approximately 56% of the total budgeted positions are for Correctional Officers. The Department has continued to be aggressive in recruiting correctional officers, and in doing so was able to fill vacant posts and substantially reduce overtime.

The second largest area of expenditure within the Department is in the category of "Other" costs (38%), which incorporates travel, maintenance, food, supplies, operating costs, and capital outlay. Of the total amount expended in this functional area during fiscal year 09 approximately 22% was for the housing male and female inmates in contract prisons, and the remaining 16% was for the other operating costs.

Contractual Services expenditures consumed 16% of the Department's uses overall, with approximately 15% of these expenditures directly related to medical services for inmates. Two percent of the total expenditures were for capital outlay with the majority of those costs being for security upgrades, new capital construction, and renovation projects.

Business-Type Activities

Revenues of the Department's business-type activity (Corrections Industries) decreased approximately nine percent from $4.8 million to $4.4 million and expenses decreased by approximately nine and a half percent from $5.3 million to $4.8 million. Factors contributing to these results are primarily (1) The unanticipated budget cuts due to the shortfall in expected state revenue (2) The purchase of large quantities of raw materials to meet the anticipated end of the year rush that did not materialize.

Fund Balance

As the Department completed the year, its governmental funds reported a combined fund balance of approximately $13.2 million, approximately $178 thousand lower than last year. The primary reason for the decrease relates to the fact that the Department spent the majority of the multi-year appropriations appropriated to the Department last fiscal year and other GAAP accruals affecting revenues and expenditures.

General Fund Budgetary Highlights

The New Mexico State Legislature makes annual appropriations to the Department. Adjustments to the appropriated budget require approval by the Budget Division of the Department of Finance and Administration with review by the Legislative Finance Committee.

Over the course of the year, the Department adjusts its budget as authorized in the Appropriation Act. These budget adjustments fall into three categories:

- Supplemental and special appropriations that are reflected in the actual beginning account balances (correcting the estimated amounts in the budget adopted for the fiscal year).
- Budget adjustment requests made during the fiscal year to allow the Department to utilize funds where needed.
- Budget adjustment requests that increase or decrease other state funds based on actual revenues.
- Budget adjustment requests that adhere to required operating budget cuts in compliance with Legislative actions.

There were no changes between the original and final operating budget that were deemed to be significant.

Capital Assets and Debt Administration

At the end of fiscal year 2009, the Department has invested a total of $40.2 million in governmental-type activities and $0.4 million in business-type activities for a total amount of $40.6 million in a variety of capital assets. This amount represents a net increase (including additions and deductions) of $3.5 million (9%) over the last year. The major increases in capital assets during the fiscal year were in the area of Improvements other than Buildings ($1.6 million for a 107% increase) and Machinery and Equipment ($1.5 million for a 7% increase). The increases were mainly due to equipment and security improvements, replacements of heating/cooling units, purchase of modular units, purchase of emergency generators, and the installation of video conferencing telecommunications. Depreciation decreased by $2 million (7%) over the prior period.

Table A-3
Department's Capital Assets
Dollars in Millions

	Governmental Activities		Business-type Activities		Total		Total % Change
	2008	2009	2008	2009	2008	2009	2008 - 2009
Buildings and Improvements	40.8	43.2	0.6	0.6	41.4	43.8	6%
Improvements other than Buildings	1.5	3.1	-	-	1.5	3.1	107%
Machinery and Equipment	19.2	20.7	2.0	2.0	21.2	22.7	7%
Automotive	2.9	2.9	0.7	0.7	3.6	3.6	0%
Depreciation	(27.8)	(29.7)	(2.8)	(2.9)	(30.6)	(32.6)	7%
	36.6	40.2	0.5	0.4	37.1	40.6	9%

Additional detailed information about the Department's capital assets is presented in Note 5 to the financial statements.

GASB Statement #34 requires the recording and depreciation of infrastructure assets such as roads, bridges, traffic signals, etc. The Department does not own any infrastructure assets.

Long-Term Debt

The Department did not have any long-term debt other than compensated absences associated fiscal year 2009. More detailed information regarding the Department's long-term debt is presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In fiscal year 2009, the New Mexico Corrections Department's (NMCD) total budget increased by 7 percent to $320.5 million, mostly attributable to the opening of the Northeastern New Mexico Detention Facility in Clayton; probation and parole offender growth and sex offender monitoring; the cost of inmate medical services; and salary increases for staff. However, nearly midway through the fiscal year, executive agencies were notified of a major revenue shortfall in state government. Oil and natural gas prices fell below projected figures, and gross receipts, corporate and personal income taxes dropped due to the recession. A hiring freeze, which excluded correctional and probation and parole officers, and reductions in nonessential services and miscellaneous expenses was implemented by New Mexico Governor Bill Richardson. The Department's operating budget was cut by $5.7 million.

Also in fiscal year 2009, the probation and parole offender population increased by 4.1 percent, and the year-end inmate population increased to 6,440 or 1.7 percent more than the previous fiscal year. The Department experienced a decline in inmate population the previous two fiscal years after a census high of 6,803 in fiscal year 2006.
National consultant, JFA Associates, LLC, estimates New Mexico's total inmate population will grow at a rate of 2.3 percent in fiscal year 2010 and is projected to grow at an average rate of 1.3 percent from fiscal year 2010 to 2019. With the current rate of growth, the estimates show that New Mexico will have an offender population of 7,338 by the end of fiscal year 2019.

During fiscal year 2009, more than 20 percent of new commitments were persons convicted of serious violent offenses. The average maximum sentence for all admissions (excluding lifers), was 52.3 months. This is slightly lower than the fiscal year 2006 average of 58 months.

For fiscal year 2010, the Department submitted a general fund-base increase request of $9 million to cover inmate population growth, reduce high-vacancy rates from the previous fiscal year, cover inflation increases for contractors, and pay for building maintenance and utility expenses. The increase was not funded and the Department's budget was reduced by an additional $12.5 million from the previous fiscal year. Because of the reduction in budget, the Department incorporated strict budget austerity measures and was successful in maintaining flat contracts (no inflation increases) and in many cases reduced contracts to ensure the budget will be balanced.

In November 2009, as a result of a larger revenue deficit in state government, the governor signed an executive order reducing NMCD's fiscal year 2010 operating budget by $11.4 million (on top of an already reduced budget), and a plan was outlined to furlough all state employees for five days (time off without pay). The time of this writing, a decision had not yet been made on how the furloughs will affect correctional officers. All capital outlay projects were also temporarily suspended.

The Corrections Industries Division (CID) has been severely impacted by the cutback in government spending, since CID relies heavily on furniture sales from state agencies. If the program cannot sustain itself, it could be forced to shut down.

NMCD is requesting a total budget of $311.3 million from all funding sources for fiscal year 2011, which is 1.3 percent more than the fiscal year 2010 beginning operating budget. However, NMCD's request for additional funding is unlikely and the budget will probably be reduced further due to declines, in revenue projections.

Limited growth in New Mexico state government, on a budgetary basis, has continue to affect the Corrections Industries (CID) ability to generate new orders for its standard product (i.e. furniture) from potential state customers. In addition, Corrections Industries did experience approximately 78% decrease in interest income for fiscal year 09 over the prior period. This income is generated from the cash balance of the revolving fund that is held with the State Treasurer's Office.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, legislators, and investors and creditors with a general overview of the Department's finances and to demonstrate the Department's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact:

New Mexico Corrections Department
Financial Management Bureau
Attn: Bryan M. Maestas, CGFM, Accounting Manager
4337 NM 14
Post Office Box 27116
Santa Fe, New Mexico 87502-0116

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total *
ASSETS			
Investments	$ 37,786,430	$ 2,033,520	$ 39,819,950
Receivables, net of allowance for doubtful accounts	21,156	3,157	24,313
Federal Grants Receivable	297,763	-	297,763
Other Receivables	8,949	-	8,949
Interest Receivable	-	122	122
Internal Balances	(475,851)	475,851	-
Due from Other State Agencies	1,025,266	572,493	1,597,759
Inventories	5,476,780	1,799,797	7,276,577
Prepaid Items	302,835	-	302,835
Total Current Assets	44,443,328	4,884,940	49,328,268
Capital Assets:			
Buildings	43,186,822	630,488	43,817,310
Improvements Other than Buildings	3,059,227	-	3,059,227
Machinery and Equipment	20,674,960	2,008,422	22,683,382
Automotive	2,956,918	639,612	3,596,530
Less Accumulated Depreciation	(29,725,362)	(2,901,957)	(32,627,319)
Total Capital Assets, net of depreciation	40,152,565	376,565	40,529,130
Total Assets	84,595,893	5,261,505	89,857,398
LIABILITIES			
Accounts Payable	$ -	$ 253,019	$ 253,019
Vouchers Payable	17,721,711	-	17,721,711
Payroll Benefits Payable	2,291,851	-	2,291,851
Payroll Taxes Payable	660,041	-	660,041
Accrued Wages Payable	3,062,271	99,029	3,161,300
Compensated Absences Payable:			
Expected to be paid within one year	4,521,501	115,107	4,636,608
Due to State General Fund	5,387,714	-	5,387,714
Due to Other State Agencies	259	-	259
Deferred Revenue	2,077,994	-	2,077,994
Other Liabilities	-	-	-
Total Liabilities	35,723,342	467,155	36,190,497
NET ASSETS			
Invested in Capital Assets	40,152,565	376,565	40,529,130
Restricted for:			
Subsequent Years Expenditures	726,554	-	726,554
Unrestricted	7,993,432	4,417,785	12,411,217
Total Net Assets	$ 48,872,551	$ 4,794,350	$ 53,666,901

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

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

	Governmental Activities	Business-Type Activities	Total
Expenses			
Public Safety - Corrections	$ (299,911,296)	$ -	$ (299,911,296)
Corrections Industries	-	(4,768,977)	(4,768,977)
Program Revenues			
Charges for Services	17,697,944	4,399,615	22,097,559
Operating Grants & Contributions	834,538	-	834,538
Capital Grants & Contributions	-	-	-
Changes in net Assets:			
Net (Expense) / Revenue	(281,378,814)	(369,362)	(281,748,176)
General Revenues:			
General Fund Appropriation	290,382,900	-	290,382,900
General Fund Subsidy	-	1,133,900	1,133,900
Transfers, net	(762,220)	-	(762,220)
Transfers, Severance Tax Bond Appropriation	446,828	-	446,828
Reversions to the State General Fund	(5,386,187)	-	(5,386,187)
Reimbursements	-	-	-
Other Revenue	-	22,416	22,416
Federal Aid	-	-	-
Unrestricted investment earnings	-	7,231	7,231
Total General Revenues	284,681,321	1,163,547	285,844,868
Transfers - Internal Activities	-	-	-
Total General Revenues and Transfers	284,681,321	1,163,547	285,844,868
Change in Net Assets	3,302,507	794,185	4,096,692
Net Assets - Beginning	45,570,044	4,000,165	49,570,209
Net Assets - Ending	$ 48,872,551	$ 4,794,350	$ 53,666,901

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF GOVERNMENTAL FUNDS - BALANCE SHEET
JUNE 30, 2009

	General Fund SHARE System Fund *	Community Corrections Special Revenue Fund SHARE System Fund 90200	State Capital Projects Fund SHARE System Fund 99700	Total
ASSETS				
Investments	$ 35,336,630	$ 2,140,667	$ 309,133	$ 37,786,430
Receivables, net of allowance for doubtful accounts	21,156	-	-	21,156
Federal Grants Receivable	297,763	-	-	297,763
Other Receivables	8,949	-	-	8,949
Due from Other State Agencies	1,025,266	-	-	1,025,266
Inventories	5,476,780	-	-	5,476,780
Prepaid Items	302,835	-	-	302,835
Total Assets	$ 42,469,379	$ 2,140,667	$ 309,133	$ 44,919,179
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers Payable	$ 17,673,629	$ 48,082	$ -	$ 17,721,711
Payroll Benefits Payable	2,279,046	12,805	-	2,291,851
Payroll Taxes Payable	655,047	4,994	-	660,041
Accrued Wages Payable	3,047,469	14,802	-	3,062,271
Due to Other Funds	475,851	-	-	475,851
Due to State General Fund	5,384,108	-	979	5,385,087
Stale Dated Warrants - Due to SGF	2,627	-	-	2,627
Due to Other State Agencies	259	-	-	259
Deferred Revenue	2,077,994	-	-	2,077,994
Other Liabilities	-	-	-	-
Total Liabilities	31,596,030	80,683	979	31,677,692
Fund Balances:				
Reserved for:				
Inventories	5,476,780	-	-	5,476,780
Prepaid Expenses	302,835	-	-	302,835
Subsequent Years Expenditures	180,854	545,700	-	726,554
Petty Cash & Imprest Accounts	2,075	-	-	2,075
Unreserved (Deficit)				
Designated for Future Expenditures	4,910,805	1,514,284	308,154	6,733,243
Total Fund Balance	10,873,349	2,059,984	308,154	13,241,487
Total Liabilities and Fund Balance	$ 42,469,379	$ 2,140,667	$ 309,133	$ 44,919,179

* Includes SHARE funds 89800, 90700, and 91500.

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2009

Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balances - Governmental Funds (Governmental Funds Balance Sheet)		$ 13,241,487
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Buildings	$ 43,186,822	
Improvements other than buildings	3,059,227	
Machinery and Equipment	20,674,960	
Automotive	2,956,918	
Accumulated depreciation	(29,725,362)	
Total Capital Assets		40,152,565
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences Payable		(4,521,501)
Net Assets of Governmental Activities (Statement of Net Assets)		$ 48,872,551

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2009

	General Fund SHARE System Fund *	Community Corrections Special Revenue Fund SHARE System Fund 90200	State Capital Projects Fund SHARE System Fund 99700	Total
Revenues				
Other State Funds	$ 17,554,549	$ 143,395	$ -	$ 17,697,944
Federal Grants	834,538	-	-	834,538
Total Revenues	18,389,087	143,395	-	18,532,482
Expenditures, Current				
Personal Services & Employee Benefits	134,719,549	813,200	-	135,532,749
Contractual Services	49,535,873	41,945	46,164	49,623,982
Other	108,308,566	3,259,371	55,283	111,623,220
Expenditures, Capital Outlay	6,056,284	-	555,071	6,611,355
Total Expenditures	298,620,272	4,114,516	656,518	303,391,306
Excess (deficiency) Revenues over Expenditures	(280,231,185)	(3,971,121)	(656,518)	(284,858,824)
Other Financing Sources (uses)				
State General Fund Appropriations	286,527,200	3,855,700	-	290,382,900
Inter-Agency Transfers-In	237,780	-	-	237,780
Transfers-In Severance tax bond Proceeds	-	-	446,828	446,828
Inter-Agency Operating Transfers-Out	(1,000,000)	-	-	(1,000,000)
Reversions to State General Fund	(5,385,208)	-	(979)	(5,386,187)
Net Other Financing Sources (uses)	280,379,772	3,855,700	445,849	284,681,321
Net Change in Fund Balance	148,587	(115,421)	(210,669)	(177,503)
Fund Balance, Beginning of Year	10,724,762	2,175,405	518,823	13,418,990
Fund Balance, End of Year	$ 10,873,349	$ 2,059,984	$ 308,154	$ 13,241,487

* Includes SHARE funds 89800, 90700, and 91500.

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

Net Change in fund balances - Total Governmental Funds (Statement of Revenue, Expenditures and Changes in Fund Balance)		$ (177,503)
Amounts reported for governmental activities in the Statement of Activities are different because:		
In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) and judgement and claims are measured by the amounts earned during the year. In the Governmental funds, however, expenditure for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The decrease (increase) in the liability for the year is:		
Compensated Absences and Claims and Judgements		(49,027)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:		
Capital Outlay	$ 6,611,355	
Depreciation Expense	(3,052,887)	
Excess of Depreciation Expense over Capital Outlay		3,558,468
The Statement of Activities reports the loss on the sale of Capital Assets, while the Statement of Revenues, Expenditures and Changes and Changes in Fund Balance reports the proceeds. The reconciling amount is the difference:		(29,431)
Change in net assets of governmental activities (Statement of Activities)		$ 3,302,507

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Other State Funds	$ 15,531,200	$ 15,255,451	$ 17,554,549	$ (2,299,098)
Federal Funds	1,197,275	1,351,203	834,538	516,665
Total Revenues	16,728,475	16,606,654	18,389,087	(1,782,433)
Expenditures, Current				
Personal Services & Employee Benefits	133,786,000	135,586,425	134,719,549	866,876
Contractual Services	55,022,193	50,957,930	49,535,873	1,422,057
Other	124,021,259	119,423,956	108,308,566	11,115,390
Expenditures, Capital Outlay	-	-	6,056,284	(6,056,284)
Total Expenditures	312,829,452	305,968,311	298,620,272	7,348,039
Excess (deficiency) Revenues over Expenditures	(296,100,977)	(289,361,657)	(280,231,185)	(9,130,472)
Other Financing Sources (uses)				
State General Fund Appropriation	294,341,200	287,621,100	286,527,200	1,093,900
Transfers-In	257,000	237,780	237,780	-
Cash Balance Re-Budgeted	1,502,777	2,502,777	-	2,502,777
Operating Transfers-Out	-	(1,000,000)	(1,000,000)	-
Reversions to State General Fund	-	-	(5,385,208)	5,385,208
Net Other Financing Sources (uses)	296,100,977	289,361,657	280,379,772	8,981,885
Net Change in Fund Balance	$ -	$ -	$ 148,587	$ (148,587)
Fund Balance, Beginning of Year,			10,724,762	
Fund Balance, End of Year			$ 10,873,349	

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
COMMUNITY CORRECTIONS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

	Budgeted Amounts		Actual Amounts Budgetary GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Other State Funds	$ 51,700	$ 51,700	$ 143,395	$ (91,695)
Federal Funds	-	-	-	-
Total Revenues	51,700	51,700	143,395	(91,695)
Expenditures, Current				
Personal Services & Employee Benefits	847,500	846,300	813,200	33,100
Contractual Services	56,800	62,560	41,945	20,615
Other	3,623,600	3,544,240	3,259,371	284,869
Expenditures, Capital Outlay	-	-	-	-
Total Expenditures	4,527,900	4,453,100	4,114,516	338,584
Excess (deficiency) Revenues over Expenditures	(4,476,200)	(4,401,400)	(3,971,121)	(430,279)
Other Financing Sources (uses)				
State General Fund Appropriation	3,930,500	3,855,700	3,855,700	-
Reimbursement	-	-	-	-
Cash Balance Re-budgeted	545,700	545,700	-	545,700
Operating Transfers-Out	-	-	-	-
Reversions to State General Fund	-	-	-	-
Net Other Financing Sources (uses)	4,476,200	4,401,400	3,855,700	545,700
Net Change in Fund Balance	$ -	$ -	$ (115,421)	$ 115,421
Fund Balance, Beginning of Year			2,175,405	
Fund Balance, End of Year			$ 2,059,984	

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

ASSETS	
Current Assets:	
Investments	$ 2,033,520
Receivables (net of allowance for doubtful accounts)	3,157
Interest Receivable	122
Due from Other Funds	475,851
Due from Other State Agencies	572,493
Inventories	1,799,797
Total Current Assets	4,884,940
Noncurrent Assets:	
Capital Assets:	
Machinery and Equipment	2,008,422
Buildings and Improvements	630,488
Automotive	639,612
Less Accumulated Depreciation	(2,901,957)
Total Noncurrent Assets	376,565
Total Assets	5,261,505
LIABILITIES	
Accounts Payable	253,019
Accrued Wages Payable	99,029
Compensated Absences Payable	115,107
Total Liabilities	467,155
NET ASSETS	
Invested in Capital Assets	376,565
Unrestricted	4,417,785
Total Net Assets	$ 4,794,350

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

OPERATING REVENUES	
Sales	$4,399,615
OPERATING EXPENSES	
Cost of Goods Sold:	
Cost of Materials Used	1,636,512
Direct Labor (inmate payroll)	366,815
Manufacturing and Administrative Overhead	2,567,914
Change in Work in Process and Finished Goods Inventory, Net	95,813
Depreciation Expense	101,923
Total Operating Expenses	4,768,977
OPERATING INCOME (LOSS)	(369,362)
Nonoperating revenue (expense):	
General Fund Subsidy	1,133,900
Interest on Deposits with State Treasurer	7,231
Miscellaneous Income	22,416
Total nonoperating revenue / (expense)	1,163,547
CHANGE IN NET ASSETS	794,185
Total Net Assets, July 1, 2008	4,000,165
Total Net Assets, June 30, 2009	$4,794,350

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2009

Cash Flows from Operating Activities:	
Cash Received from Customers	$ 4,399,615
Cash Payments to Suppliers for Goods and Services	(1,376,969)
Cash Payments to Employees for Services	(2,230,719)
Cash Payments to Inmates for Services	(366,815)
Net Cash Provided by Operating Activities	425,112
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	-
Net Cash Used by Capital and Related Financing Activities	-
Cash Flows from Investing Activities:	
Interest Income	7,231
Miscellaneous Income	8,005
General Fund	1,133,900
Net Cash Received from Investing Activities	1,149,136
Net Increase (Decrease) in Cash	1,574,248
Cash at Beginning of Year (including petty cash)	459,272
Cash at End of Year	$ 2,033,520
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	(369,362)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	101,923
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	101,791
(Increase) Decrease in Interest Receivable	2,972
(Increase) Decrease in Due from Other Funds	610,409
(Increase) Decrease in Due from Other State Agencies	(8,022)
(Increase) Decrease in Inventory	175,689
Increase (Decrease) in Accounts Payable	(185,746)
Increase (Decrease) in Compensated Absences Payable	(3,806)
Increase (Decrease) in Accrued Wages Payable	(736)
Total Adjustments and Changes	794,474
Net Cash Provided (Used) by Operating Activities	$ 425,112

The accompanying notes are an integral part of the financial statements

NEW MEXICO CORRECTIONS DEPARTMENT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
AS OF JUNE 30, 2009

	Inmate Trust Account
ASSETS	
Cash	$ 1,166,503
Due from Others	1,235,275
Total Assets	$ 2,401,778
LIABILITIES	
Due to Other State Agencies	$ 26,149
Due to Private Prisons	785,319
Deposits Held for Others	1,590,310
Total Liabilities	$ 2,401,778

* Please refer to Schedule of Changes in Assets and Liabilities on page 86 for detail information.

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

NEW MEXICO CORRECTIONS DEPARTMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2009

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NOTE 1: HISTORY, MISSION AND ORGANIZATION

The New Mexico Corrections Department (the Department), a cabinet level department, was created by an act of the legislature of New Mexico in 1978. §9-3-2 NMSA 1978, states that "The purpose of the Corrections Department Act... is to create a single, unified department to administer all laws and exercise all functions formerly administered and exercised by the corrections and criminal rehabilitation department and to ensure a comprehensive criminal justice system in New Mexico".

The mission of the Department is to provide a balanced system approach to corrections from incarceration to community-based supervision with training, education, programs, and services that provide opportunities for offenders to transition to communities. To perform this mission, the following departmental organization has been established in part by Chapters 9 and 33, NMSA 1978:

Corrections Industries Commission

The Corrections Industries Commission is responsible for advising the Secretary of the Department and establishing policy within the Corrections Industries Division. The Commission consists of seven members appointed by the Governor. Terms are generally for four years with one or two members being replaced each year.

Community Corrections Advisory Panel

The Community Corrections Advisory Panel is responsible for reviewing all applications for funding under the Adult Community Corrections Act and making recommendations to the Secretary of Corrections regarding each application. The Panel is appointed by the Secretary of Corrections and includes representatives from Corrections, the Judiciary, law enforcement, local and tribal governments, interested organizations, and the general public.

Office of the Secretary

The Secretary is empowered to organize the Department and its divisions and may transfer or merge functions between divisions in the interest of efficiency and economy. The Administrative Services Division provides overall support.

Adult Prisons Division

The Director of the Adult Prisons Division is responsible to the Deputy Secretary of Operations to provide humane, safe, secure and cost effective correctional facilities for adult male and female inmates, thereby providing for the safety of the general public.

Administrative Services Division

The Director of the Administrative Services Division is responsible to the Deputy Secretary of Administration to provide administrative support to all divisions and top-level managers. The division is responsible for the data processing, financial systems, budget, accounting, purchasing, personnel, financial reporting, and federal grant functions of the Department.

Information Technology Division

The Director of the Information Technology Division is responsible to the Deputy Secretary of Administration to provide implementation and support of technology applications and infrastructure of the Department.

Office of the General Counsel

The General Counsel of the Office of the General Counsel is responsible to the Secretary of the Department to provide legal advice and legal representation to the Department and its employee in several types of cases.

Probation and Parole Division

The Director of the Probation and Parole Division is responsible to the Deputy Secretary of Operations to provide a diversity of sentencing alternatives, which substantially reduces costs associated with criminal sanctions while supporting the purpose of the Department.

Training Academy Division

The Director of the Training Academy Division is responsible to the Deputy Secretary of Operations for the improvement of employee recruitment, development and retention.

Corrections Industries Division

The Director of the Corrections Industries Division is responsible to the Deputy Secretary of Reentry & Prison Czar to prepare inmates for return to a working society, provide constructive employment as an alternative to the deteriorating effects of enforced idleness, and to operate the Division at a self-sustaining economic level.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the New Mexico Corrections Department (the Department) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standard Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB Statement #20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards that along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. More significant of these accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." The Department has been reporting its financial statements to comply with GASB #34 since July 1999. As a part of this Statement, there is a reporting requirement regarding the local government's infrastructure (road, bridges, etc.) The Department does not own any infrastructure assets and therefore is unaffected by this requirement.

The Department has also implemented the provisions of GASB #37 and GASB #38 effective July 1, 2000. These statements did not have a significant impact on the financial statements of the Department. Other subsequent GASB pronouncements have not had a direct impact on the financial reporting or accounting methodologies and practices of the Department.

A. FINANCIAL REPORTING ENTITY

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

The Department is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards.* Even though the Governor appoints the Secretary, that person has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In accordance with the criteria set forth in GASB # 14 for determining component units, the Department does not have component units.

B. BASIC FINANCIAL STATEMENTS – GASB STATEMENT #34

The basic financial statements include both government-wide (based on the Department as a whole) and fund financial statements. The reporting model focus is on either the Department as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column using the economic resources measurement focus and the accrual basis of accounting and incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (education, labor, transportation, etc.), which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. The Department includes only one function (public safety and corrections).

The net cost (by function or business-type activity) is normally covered by general revenues (taxes, intergovernmental revenues, interest income, etc). Historically, the previous model did not summarize or present net cost by function or activity. The Department does not currently employ indirect cost allocation systems.

This government-wide focus is more on the sustainability of the Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. Due to the limited fund structure of the Department, all funds have been classified as Major Funds.

Totals on the business-type activities fund statements match the business type activities column presented in the government wide statements, since there are no reconciling items.

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

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

C. BASIS OF PRESENTATION

The financial transactions of the Department are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses, and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are summarized by type in the accompanying financial statements. The various funds are reported by generic classification within the financial statements.

The reporting model, GASB Statement 34, sets forth minimum criteria for the determination of major funds based on a percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or governmental and enterprise combined. Due to the fund structure of the Department, all funds have been classified as major funds.

The Department uses the following fund types:

Governmental Fund Types

The focus of Governmental Fund measurement (in the Fund Financial Statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the Department.

General Fund:

The General Fund is the general operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund sources are comprised of SHARE System Fund 89800 - Building Fund, SHARE System Fund 90700 – General Operating Fund, and SHARE System Fund 91500 – Probation & Parole Fund.

General Fund revenues are both earned and appropriated. Sources of non-reverting revenue included in the General Fund are from:

> Permanent Fund Income and Land Income (§33-1-18/19 NMSA 1978 and §33-2-2 NMSA 1978) to which the Department is a beneficiary.
>
> Probation and Parole Fees (§31-20-6 NMSA 1978 and §31-21-13.1 NMSA 1978).

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Special Revenue Fund is the Community Corrections Grant Fund, SHARE System fund number 90200.

> Statutory Creation: §33-9-3 NMSA 1978 "There is created in the state treasury a special fund to be known as the "community corrections grant fund."
>
> Use of Funds: §33-9-3 NMSA 1978 "The fund shall be for the purpose of providing programs and services for the diversion of criminal offenders to community-based settings."
>
> Reverting Status: §33-9-3 NMSA 1978 "All money appropriated to the fund or accruing to it as a result of gift, deposit, investments or other sources shall not be transferred to another fund or encumbered or disbursed in any manner except as provided in the Adult Community Corrections Act."

State Capital Projects Fund

The State Capital Projects Fund (SHARE System fund 99700) is established to account for financial resources to be used for the acquisition for capital expenditures financed by the issuance of severance tax bonds. The New Mexico Department of Finance and Administration's policies require that capital projects be accounted for in a separate fund. Appropriations are multi-year and new organizational codes are established within the fund for each fiscal year in which a new capital project is approved and budgeted. As a result of the multi-year appropriations, a budget to actual presentation is presented on an inception to date basis in the accompanying financial statements.

Proprietary Fund Types

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

Enterprise Fund

Enterprise funds are required to account for operations for which a fee is charged to external users for goods and services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services including capital costs, be recovered with fees and charges or (c) has a pricing policy designed for the fees and charges to recover similar costs. The Corrections Industries Revolving Fund (SHARE System fund 07700) represents the Department's only business-type activity and is included as a major fund.

Statutory Creation: § 33-8-7 NMSA 1978 "There is created in the state treasury a fund which shall be administered by the department secretary as directed by the commission and which shall be known as the "corrections industries revolving fund."

Revenues: § 33-8-7 NMSA 1978 "All income, receipts and earnings from the operation of enterprises shall be credited to the fund." "All interest earned on money in the fund shall be credited to the fund."

Use of Fund: § 33-8-7 NMSA 1978 "Money deposited in the fund shall be used only to meet necessary expenses incurred in the maintenance, operation and expansion of existing enterprises and in the establishment, maintenance, operation and expansion of new enterprises."

Reverting Status: § 33-8-7 NMSA 1978 "No part of the fund shall revert at the end of any fiscal year."

Fiduciary Fund Types

Fiduciary funds are used to report assets held in trustee or agency capacity for others and therefore are not available to support Department programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds.

Agency Fund

Agency funds are used to account for assets held by the Department in the capacity of trustee or agent. The agency fund (SHARE System fund 55700) is custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Non-Current Governmental Assets/Liabilities

GASB Statement #34 eliminated the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Assets.

D. BASIS OF ACCOUNTING

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

The Government-wide Financial Statements and the Proprietary and Fiduciary Fund Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis.

Accrual

The enterprise fund is accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Department considers funds available if received within "60 days" after year-end. Expenditures are

generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33, *Accounting and Financial Reporting for Nonexchange* Transactions the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

Operating Revenues

For the purposes of the enterprise funds, operating revenues, include sales income from business operations. All other revenue is considered non-operating.

E. BUDGETS AND BUDGETARY ACCOUNTING

The New Mexico State Legislature makes annual appropriations to the Department, which lapse at fiscal year end. Legal compliance is monitored through the establishment of a budget (modified cash-basis) and a financial control system, which permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation unit level. Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriation Act. The budget amounts shown in the financial statements are both the original appropriation and the final authorized amounts as legally revised during the year. As per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, Item N, "the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices (MAPS) issued by the Department of Finance and Administration, except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4, NMSA 1978. Those accounts payable that do not get paid timely must be paid out of next year's budget. The State Budget Division is specifically authorized to approve budgets in accordance with GAAP and the authority to extend the availability period of an appropriation through the use of an encumbrance shall follow the modified accrual basis of accounting for governmental funds in accordance with the MAPS issued by the Department of Finance and Administration."

Each year the Legislature approves multiple year appropriations, which the State considers as continuing appropriations. The Legislature authorizes these appropriations for two to five years; however, it does not identify the authorized amount by fiscal year. Consequently, the appropriation is budgeted in its entirety the first year the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year's beginning budget balance until either the project period has expired or the appropriation has been fully expended. The budget presentations in these financial statements are consistent with this budgeting methodology.

The budgetary basis differs from the basis of accounting required by Generally Accepted Accounting Principles (GAAP). Significant differences between the budgetary basis and GAAP include the following:

1. The budget does not consider reversions to the State General Fund.

2. The budget includes encumbrances (obligations for unperformed contracts for goods or services). GAAP does not include encumbrances.

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

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

2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of those hearings is incorporated into the State's General Appropriation Act.

3. The Act is signed into Law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.

4. Not later than May 1, the Department submits to DFA an annual operating budget by appropriation unit and object code based upon the appropriation made by the Legislature. The Budget Division of DFA reviews and approves the operating budget, which becomes effective on July 1.

5. Formal budgetary integration is employed as a management control device during the fiscal year for the General, Special Revenue, Capital Projects and Enterprise Funds.

F. ENCUMBRANCES

With the Laws of 2004, Chapter 114, "General Appropriations" establishing the modified accrual basis of accounting for governmental funds as the budgetary basis of accounting for the State of New Mexico, there are no encumbrances outstanding at year-end. In cases where the appropriations do not lapse at year-end, the encumbrances outstanding are re-encumbered for the same amount outstanding at year-end and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. The Department does have appropriations, which are multiple year appropriations that do not lapse at year-end.

G. ASSETS, LIABILITIES AND FUND EQUITY

1. Investments

The Department has defined Investments as Interest in the State General Fund Investment Pool (ISGFIP) with the New Mexico State Treasurer's Office. State law requires the Department's cash investments to be managed by the New Mexico State Treasurer's Office. The investments will include cash on deposit with the State Treasurer, cash on hand, investment pools, and demand deposits. For purposes of cash flows, Corrections Industries considers all highly liquid investments, which are on deposit with the State Treasurer in interest bearing accounts to be cash or cash equivalents. GASB 40 disclosure related to the above items held within the New Mexico State Treasurer's Office, the reader should refer to separate audited financial statements prepared by the New Mexico State Treasurer's Office which will disclose the categories of risk involved.

The fair value of the investments maintained at the New Mexico State Treasurer's Office are as follows at June 30, 2009.

Investment	Maturities	Fair Value *
New Mexico State Treasurer's Office:		
General Fund Investment Pool	1 day to 3 years	$ 39,814,625
Petty Cash held by the Department		5,325
Total Investments or Cash Equivalents		$ 39,819,950

* Refer to Note 4 to see individual fund detail regarding holdings held at the New Mexico State Treasurer's Office.

Interest Rate Risk: The Department does not have an investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The New Mexico State Treasurer's Office pool is not rated.

Accounts Receivable:

Accounts receivable are recorded in the General and Enterprise funds. Where appropriate, an associated allowance for doubtful accounts has been established. Enterprise fund receivables originate from the operations of Corrections Industries related to the sales of goods and services. General Fund receivables include amounts receivable from other state agencies and local governments relating to various joint powers agreements (JPA) for inmate work crews and billings for reimbursement of costs associated with housing county inmates in Department operated facilities.

Accounts Receivable consists of the following:

	General Fund	Enterprise Fund	Total
Accounts Receivable	$ 172,676	$ 293,427	$ 466,103
Less: Allowance for doubtful accounts	(151,520)	(290,270)	(441,790)
Net Accounts Receivable	$ 21,156	$ 3,157	$ 24,313

Federal Grants Receivable:

Various reimbursement procedures are used for federal awards received by the Department. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year end represent amounts expended during the fiscal year that are related to a federal grant, however the reimbursement for the expenditure was not received prior to the end of the fiscal year.

Due from / Due to Other Funds

These amounts represent inter-fund receivables and payables arising from inter-fund transactions within the Department. Balances in these accounts relate to (1) amounts due to the enterprise fund for Department purchases of goods and services from Corrections Industries Division, and (2) amounts due to the general operating fund for inmate canteen purchases. Balances in these accounts are netted as part of the reconciliation to the Government-wide columnar presentation.

Inter-fund receivables and payables as of June 30, 2009 consist of the following:

Inter-fund Receivables

Fund Type	SHARE Fund Number	Due From Other Funds	Due From SHARE Fund Number	Amount
Enterprise Fund	07700	475,851	90700	456,091
			91500	19,760
Totals		$ 475,851		$ 475,851

Inter-fund Payables

Fund Type	SHARE Fund Number	Due to Other Funds	Due to SHARE Fund Number	Amount
General Fund	90700	456,091	07700	456,091
General Fund	91500	19,760	07700	19,760
Totals		$ 475,851		$ 475,851

2. Due to / Due from Other State Agencies

These amounts represent receivables and payables arising from transactions between the Department and other State agencies. Balances in these accounts relate to (1) joint powers agreements (JPA) between the Department and various other State agencies to provide inmate work crews, (2) goods and services provided to the Department by other State agencies, and (3) other items required to be accrued from other agencies per GAAP.

Inter-agency receivables and payables as of June 30, 2009 consist of the following:

Interagency Receivables

Fund Type	SHARE Fund Number	Due From Other Agencies	Due From SHARE Agency Number	Due From SHARE Fund Number	Amount
General Fund	90700	$ 1,025,266	33700	60100	$ 872,777
			34100	76100	56,704
			80500	20100	77,317
			69000	06700	690
			52100	19900	17,078
			Various	Various	700
Enterprise Fund	07700	572,493	33300	17200	153,733
			69000	06700	63,454
			80500	20100	77,921
			Various	Various	277,385
Totals		$ 1,597,759			$ 1,597,759

Interagency Payables

Fund Type	SHARE Fund Number	Due to Other Agencies	Due to SHARE Agency Number	Due From SHARE Fund Number	Amount
Agency Fund	55700	$ 26,149	78000	06300	$ 26,149
General Fund	90700	259	30500	17000	259
Totals		$ 26,408			$ 26,408

3. Inventories

Supplies inventory are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Inventories held by the General fund consist of generic supplies and materials in the various department operated correctional facilities. Inventories are valued at cost using the first-in, first-out method. The reported fund balance reservation indicates that supplies inventory does not represent available expendable resources for Department programs.

Enterprise fund inventories consist primarily of furniture, textiles, and other items held for resale. Inventories are valued at estimated cost, using the first-in, first-out method, which does not exceed net realizable value.

Components of the Corrections Industries (enterprise fund) inventories are as follows:

Raw Materials	$	750,023
Work in Progress		150,631
Finished Goods		899,143
Total Inventory	$	1,799,797

4. Prepaid Items

These amounts represent prepayment of postage and fuel, which has benefit to the Department beyond the fiscal year, ending June 30, 2009. Prepaid items are expensed when consumed under the consumption method. Therefore, these items are allocated to the fiscal year in which they are used.

5. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. House Bill 1074 was enacted that amended the Audit Act for the capitalization threshold. House Bill 1074 effective date was June 17, 2005 and as a result, the State's capitalization policy threshold was changed from $1,000 to $5,000 requiring agencies to capitalize only acquisitions greater than $5,000. Assets purchased prior to the new capitalization threshold were not removed from the agency's listing but will remain on the inventory list and will continue to be depreciated until the asset is fully depreciated. However, all capital outlay purchases may not necessarily be capitalized.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives with no salvage value. The Department utilizes IRS Publication 946 to estimate the useful lives on capital assets as follows:

- Building and Improvements – 40 years
- Improvements other than Buildings – 20 years
- Machinery and Equipment
  - Other Personal Property – 12 years
  - Software – 3 years
  - Furniture and Fixtures – 10 years
- Automotive – 5 years

GASB Statement #34 requires the recording and depreciation of infrastructure assets. Infrastructure assets include roads, bridges, traffic signals, etc. The Department does not own any infrastructure assets.

Construction period interest, if any, is capitalized in the proprietary fund. There was no construction period interest capitalized in 2009. There was no purchased or in-house developed software to capitalize as of year-end.

6. Compensated Absences

Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of 80 to 160 hours per year, depending upon length of service and employee's hire date. A maximum of thirty working days (240 hours) of such accumulated annual leave may be carried forward into the beginning of the calendar year and any excess leave is lost.

When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours. Accumulated annual leave is not expected to be liquidated with expendable available financial resources and is reported in the long-term liabilities.

Qualified employees are entitled to accumulate sick leave at the rate of one day for each calendar month of service. There is no limit to the amount of sick leave that an employee may accumulate. Once per fiscal year in either January or July, employees may elect to be paid for 50% of accrued sick leave in excess of 600 up to 720 hours, but not to exceed 120 hours (net 60 hours can be paid). In the case of retiring employees, up to 200 net hours in excess of 600 hour minimum limit, can be paid. All sick leave balances from 600 to 720 hours have been recorded at 50% of the employee's current hourly rate in the long-term liabilities including those amounts paid in July of the subsequent fiscal year, because no expendable financial resources are available as of the balance sheet date to liquidate the liability.

The non-current portion (the amount estimated to be used in subsequent fiscal years) for Governmental Funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Annual leave and sick leave (in excess of 600 hours up to 720 hours) is accrued in the enterprise fund and reported as a fund liability.

7. Deferred Revenues

Deferred revenues represent a liability for the Governmental Funds. Deferred revenues are used to account for (1) amounts received from federal awards prior to expenditures occurring or (2) amounts identified as accounts receivable that have not been received within 60 days of the end of the fiscal year and are accounted for on the modified accrual basis in the fund financial statements.

8. Due To State General Fund (Reversions)

Reversions to the State General Fund by the Department are based on the definitions of both reverting and non-reverting funds. Reversions are calculated by applying the percentage of reverting fund (total budget for the category) to the unexpended amount for the budget category at fiscal year-end.

Reverting Funds. All funds that are not identified by law as non-reverting. Such funds are in excess of budgeted expenditures and budgeted and actual revenues. Examples of such reverting funds currently generated by the Department are miscellaneous revenues, sales and services revenues, and payments for care. Revenues for JPA, are reimbursements for actual costs, and as such, are a receivable due to the Department. Any amounts collected for these revenues over estimated budget are revertible funds, since they would be replacing reverting general fund that was temporarily used to support such activities. Reversions for JPA revenues are dependent on two criteria: 1) Period of receipt (current year versus prior year) and 2) Period of accrual (revenue recognition).

Non-Reverting Funds. All funds, which are either appropriated to or earned by the Department and by law or statute, are not required to be reverted to the state treasury upon completion of a fiscal period or project. The Department currently classifies the following revenues and sources as non-reverting.

i) Enterprise Funds/Other State Funds – Corrections Industries Revolving Fund (Fund 07700). All revenues generated from sales and services and from other types revenues, which are specifically earned by and applied to the Corrections Industries Division, are non-revertible funds, except for any appropriated General Fund or grant funds awarded to this specific organization. Budget is established in Corrections Industries, program code P533. [Section 33-8-7 NMSA 1978]

ii) Building Fund (Fund 89800). Revenues, which support the Building Fund, are non-revertible. The source of the revenues is from State Permanent Fund income, both Regular and Charitable. The State Investment Council distributes this income to the Department on a monthly basis. These revenues support expenditures for the payment of the Central Office and Training Academy Complex, which are budgeted in Program Support, program code P530. [Section 33-1-18, 33-1-19 and 33-2-2 NMSA 1978]

iii) Community Corrections Grant Fund (Fund 90200). General Appropriations made to this fund do not revert to the State General Fund. Additionally, any unexpended appropriations to this fund are classified as Cash Balance, which is made up from either designated or undesignated cash balance or from non-expended budgeted cash balance. Revenue and expenditure budget is established in Community Corrections/Vendor Run, program code P535. [Section 33-9-3 NMSA 1978]

iv) Permanent Fund Income (Fund 90700). Revenues, which support the general operating expenditures at the Penitentiary of New Mexico and identified as such, are non-revertible. The source of these revenues is from State Permanent Fund income, both Regular and Charitable. The State Investment Council distributes this income to the Department on a monthly basis. This distribution commences 35 days from the previous months end date. Budget for revenues and expenditures are established in Inmate Management and Control, program code P531. [Section 33-1-18, 33-1-19 and 33-2-2 NMSA 1978]

v) Land Income (Fund 90700). Revenues, which support the general operating expenditures at the Penitentiary of New Mexico and identified as such, are non-revertible. The source of these revenues is from Land Income, both Regular and Charitable. The State Land Office distributes this income to the Department on a monthly basis. Budget for revenues and expenditures are established in Inmate Management and Control, program code P531. [Section 33-1-18, 33-1-19 sand 33-2-2 NMSA 1978]

vi) Probation and Parole Fees (Fund 90200 and 91500). All Probation and Parole fees collected by the Department are non-revertible funds. Accordingly, all budgeted Cash Balance revenues from these fees that are not used to support current year operations are also not revertible to the State General Fund. Revenue and expenditure budgets are established in both Community Corrections, program code P535 and in Community Offender Management, program code P534. [Section 31-20-6 and 31-21-13.1 NMSA 1978]

vii) Grant Funds (All Funds). Grant funds from any governmental source, such as Federal or state, direct or indirect, do not revert to the State General Fund unless specifically identified in the grant contract or appropriation law. In some cases, any over drawn grant funds may be reverted to the State General Fund or be reverted to the granting agency. Currently, all grants in operation by the Department are in the form of a reimbursement basis, whereby reimbursement for grant costs is requested from the granting agency after the grant related expenditure has occurred. [Section 6-5-10 NMSA 1978]

Unexpended and unencumbered cash balances of certain funds revert to the State General Fund at year-end. For certain funds, cash recoveries during the fiscal year from stale dated warrants and prior year reimbursements are also due to the State General Fund. Amounts recovered during fiscal year 2009 in the amount of $1,100 was reverted from fund 91500 during the fiscal year and not included in the amount listed below. Amounts due to the State General Fund for the year ending June 30, 2009 were paid in September 2009 (estimated amount) and a second cash transfer was paid in November 2009.

Current year reversions D*ue to the State General Fund* as of June 30, 2009 were as follows:

General Fund	SHARE System Fund 90700	SHARE System Fund 91500	SHARE System Fund 99700	Total
Current Year:				
BFY 09 Reversions	$ 3,226,817	$ 1,327,277	$ 979	$ 4,555,073
FY 09 Excess Revenues Over Budget	173,957	717	-	174,674
Prior Year:				
Prior Year Refunds	5,385	614,168	-	619,553
Prior Year Reimbursements	35,734	53	-	35,787
Total FY 09 Reversions	3,441,893	1,942,215	979	5,385,087
Stale Dated Warrants	2,586	41	-	2,627
Total Reversions Due to General Fund	$ 3,444,479	$ 1,942,256	$ 979	$ 5,387,714

11. Reservations of Fund Balance

Reservations of fund balances on the Governmental Funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriated for future expenditures. Specific reservations of fund balance accounts are summarized below:

Reserved for encumbrances – State Capital Projects, fund 99700 only.

This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the Department but not completed as of the close of the fiscal year.

Reserved for Petty Cash Accounts

This reserve was created to represent the portion of fund balance that is used in petty cash accounts at the various facilities and business offices.

Reserved for Inventories and Prepaid Expenses

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

Reserved for Subsequent Year's Expenditure

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

Unreserved, Designated for Future Expenditure

This reserve was created to restrict the use of resources from special appropriations and to restrict cash balance amounts that have been requested to be re-budgeted in subsequent years by the Department. Cash balance amounts

re-budgeted in subsequent years is made up of non-reverting funds including Land and Permanent Fund Income and Probation and Parole Fees. Additionally, the Department maintains a cash balance designation for contingency purposes. This designation is less than one half of one percent (.5%) of the total operating budget.

H. REVENUES, EXPENDITURES AND EXPENSES

Substantially all governmental fund revenues are accrued.

Expenditures are recognized when the related fund liability is incurred except for the following permitted by generally accepted accounting principles:

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

It is the practice of the Department to use available unrestricted resources first unless otherwise specifically directed to use restricted resources.

I. NET ASSETS

The government-wide and business types Fund Financial Statements utilize a net asset presentation. Net Assets are categorized as investment in capital assets (net of related debt), restricted and unrestricted.

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

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

Unrestricted Assets – represent unrestricted liquid assets.

J. USE OF ESTIMATES

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

K. PROGRAM REVENUES

Revenues that (1) originate from the program or from parties other than the government's taxpayers or citizens as a whole and (2) reduce the expenses of the function that has to be financed by general revenues. Revenues of this type can originate from a governmental source, but the proceeds are a charge for services or products produced by a government agency, where that agency is considered a vendor within the market place. Additionally, program revenues are fees charged by the government agency that are used to support a specific operation of that governmental unit.

The Department classifies the following types of revenues as program revenues: (1) All revenue received by Corrections Industries for the sale of goods or services, (2) Permanent Fund Income and Land Income of which the Department is a beneficiary, and (3) other charges for services such as Concession Merchandise, Meals, Payment for Care – Individuals, etc.

NOTE 3: SPECIAL APPROPRIATIONS

The following describes the status of special appropriations received in fiscal year 2009.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Total
Appropriations	$ 2,532,000	$ 500,000	$ 150,000	$ 445,000	$ 234,733	$ 1,007,175	$ 75,000	$ 15,000	$ 4,958,908
Expended FY 09	2,532,000	485,261	150,000	445,000	234,605	135,687	-	-	3,982,553
Reverted FY 09	-	14,739	-	-	128	-	-	15,000	29,867
Remainder	-	-	-	-	-	871,488	75,000	-	946,488
Amount Received	$ 2,532,000	$ 500,000	$ 150,000	$ 445,000	$ 234,733	$ 135,687	$ -	$ 15,000	$ 4,012,420

1) Laws of 2008, Chapter 3, Section 8 – "Compensation Appropriations". The purpose of the appropriation is for salary increases subject to satisfactory performance or better and completed probation period for incumbents in agencies covered by the Personnel Act. The appropriation was to the Department of Finance and Administration for distribution to all state agencies and encompasses all funding sources. The general fund is distributed to agencies via an operating transfer from DFA with the source listed as "general fund". Appropriation Period: 7/1/2008 – 6/30/2009. Outstanding Encumbrances: -0-. Unencumbered Balance: -0-.

2) Laws of 2008, 2nd session, Chapter 3, Section 5, "Special Appropriations". Item 85. The purpose of the appropriation is for equipment and security improvements at correctional facilities and probation and parole offices. The appropriation was budgeted within the general operating funds 90700 (Z80185) and 91500 (Z80185) $405,000 and $95,000, respectively. Multi-year appropriation Period: 7/1/2007 – 6/30/2009. Outstanding Encumbrances: -0-. Unencumbered Balance: -0-.

3) Laws of 2008, 2nd session, Chapter 3, Section 5, "Special Appropriations". Item 87. The purpose of the appropriation is for the purchase of modular units. The appropriation was budgeted within the general operating funds 90700 (Z80187) in the amount of $150,000. Multi-year appropriation Period: 7/1/2007 – 6/30/2009. Outstanding Encumbrances: -0-. Unencumbered Balance: -0-.

4) Laws of 2008, 2nd session, Chapter 3, Section 5, "Special Appropriations". Item 88. The purpose of the appropriation is to purchase an emergency generator and to build a vehicle service bay with storage unit. The appropriation was budgeted within the general operating funds 90700 (Z80188) in the amount of $445,000. Multi-year appropriation Period: 7/1/2007 – 6/30/2009. Outstanding Encumbrances: -0-. Unencumbered Balance: -0-.

5) Laws of 2007, Chapter 28, Section 5, "Special Appropriations", Item 86. The purpose of the appropriation is to install video conferencing telecommunications. The appropriation was budgeted within the Program Support program (Z80189). Laws of 2008, Chapter 3, Section 5, Item 89 extends the appropriation period through the end of fiscal year 2009. Appropriation Period: Extends through the end of fiscal year 2009 (6/30/2009). Outstanding Encumbrances: -0-. Unencumbered Balance: -0-.

6) Laws of 2006, Chapter 109, Section 7, – "Data Processing Appropriations" (27) appropriated $300,000 for the purpose of converting and customizing the booking module into multiple tiers. In addition $720,000 was appropriated for the purpose of transitioning and modifying the Criminal Management Information System into a web-based system. Laws of 2007, Chapter 28, Section 7, Item 27 extended the appropriation period through the end of fiscal year 2008, in addition, authorizing the release of $24,604 originally appropriated in Laws of 2003, Chapter 76, Section 7. Laws of 2008, Chapter 3, Section 7, Item 31 extends the final appropriation period through the end of fiscal year 2010. The system will be designed to improve data collection, viewing, and use by department constituents and other public safety, judicial, and law enforcement entities. The appropriation was budgeted within the Computer Systems Enhancement. Appropriation Period: Extends through the end of fiscal year 2010 (6/30/2010). Outstanding Encumbrances: -0-. Unencumbered Balance: $871,488.

7) Laws of 2009, Chapter 124, Section 5, "Special Appropriations". Item 53. The purpose of the appropriation is to replace kitchen equipment. The appropriation was budgeted within the general operating funds 90700 (Z90153) in the amount of $75,000. Multi-year appropriation Period: 7/1/2008 – 6/30/2010. Outstanding Encumbrances: -0-. Unencumbered Balance: $75,000.

8) Laws of 2008, Chapter 6, Section 30, "Special Appropriations". Item 7. The purpose of the appropriation is for a community-housing program in Bernalillo and Sandoval counties for sex offender persons released from prison. The appropriation was budgeted within the general operating funds 91500 (Z81291) in the amount of $15,000. Appropriation Period: 7/1/2008 – 6/30/2009. Outstanding Encumbrances: -0-. Unencumbered Balance: -0-.

NOTE 4: CASH

A. Pledged Collateral

In accordance with Section 6-10-7 NMSA 1978, deposits of public monies are to be collateralized in an aggregate equal to 50% of deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance coverage. Deposits are exposed to custodial risks if they are not covered by depository insurance.

On June 30, 2009, the Corrections Department had one bank account with a balance above $250,000:

	Wells Fargo Bank
Total Amount on Deposit	$ 1,235,856
Less: Amount covered by FDIC	(250,000)
Total Uninsured Funds	985,856
Amount requiring collateral (50%)*	$ 492,928

Collateralization held by Bank of America:	Market Value
FNCT 5.00% due 05/01/38 (31415LCN5), par value $10,275,000	$ 9,769,140
Less: Collarteralization required	492,928
Overcollateralization	$ 9,276,212

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

* The New Mexico State Treasurer's Office is responsible to ensure that all accounts have collateral at the required level for amounts in excess of FDIC coverage. The New Mexico State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits, the categories of risk involved, and the market value of purchased investments, which may differ from the cash deposited by the Department.

NOTE 4: Cash (continued)

B. Schedule of Investment Accounts including cash held at the State Treasurer's Office

Name of Depository	Account Name	Fund Type
General Fund:		
NM State Treasurer	General Operating	General
NM State Treasurer	Building Fund	General
NM State Treasurer	Probation and Parole	General
N/A	Various	General
Total General Fund Cash		
Special Revenue Funds:		
NM State Treasurer	General Operating	General
Total Special Revenue Fund		
Enterprise Funds:		
NM State Treasurer	Correction Industries	Enterprise
N/A	Various	Enterprise
Total Enterprise Funds		
State Capital Projects Funds:		
NM State Treasurer	State Capital Projects	Capital Projects
Total State Capital Project Funds:		
Agency Fund:		
Wells Fargo Bank New Mexico	Inmate Master Trust Account	Agency Inmate Trust
Total Agency Fund Cash		

SHARE System Fund No.	Type of Account	Interest Bearing	Bank/DFA Statement Balance at 06/30/09	Reconciled Book Balance at 06/30/09
90700	State Treasury	No	$ 29,898,754	$ 29,898,754
89800	State Treasury	No	272,385	272,385
91500	State Treasury	No	5,163,416	5,163,416
N/A	Petty Cash	No	2,075	2,075
			35,336,630	35,336,630
90200	State Treasury	No	2,140,667	2,140,667
			2,140,667	2,140,667
7700	State Treasury	Yes	2,030,270	2,030,270
N/A	Petty Cash	No	3,250	3,250
			2,033,520	2,033,520
99700	State Treasury	No	309,133	309,133
			309,133	309,133
55700	Checking	No	1,235,856	1,166,503
			1,235,856	1,166,503

NOTE 5: CAPITAL ASSETS

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

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

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

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

NOTE 6: RETIREMENT PLANS (STATE PERA & ERA)

PERA Plan Description

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

Funding Policy

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

ERA Plan Description

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

ERA Funding Policy

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

NOTE 7: RETIREE HEALTH CARE

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

RHC Plan Description

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

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

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

Funding Policy

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

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

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

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

NOTE 8: FUNDS HELD IN TRUST BY OTHERS

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

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

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

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

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

NOTE 9: OPERATING LEASE COMMITMENTS

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

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

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

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

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

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

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

Year Ended June 30,	
2010	$ 135,000
Total Minimum Lease Payments	$ 135,000

NOTE 10: CHANGES IN LONG-TERM LIABILITIES

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

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

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

Business-type

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

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

NOTE 11: OTHER FINANCING SOURCES AND OPERATING TRANSFERS

Transfer In/Out:

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

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

NOTE 12: CONCENTRATIONS AND INTERFUND TRANSACTIONS

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

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

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

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

NOTE 13: CONTINGENT LIABILITIES (CLAIMS & JUDGMENTS)

The Department as a State Agency defined in the New Mexico Tort Claims Act, is insured through the State of New Mexico General Services Department, Risk Management Division. The Office of Risk Management Division pays annual premiums for coverage provided in the following areas:

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

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

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

NOTE 14: BOND PROCEEDS

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

NOTE 15: FUND BALANCE

Unreserved, Designated for Future Expenditures:

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

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

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

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

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

Reserved for Subsequent Year Expenditure

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

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

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

NOTE 16: JPA AND MOU DISCLOSURE

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

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

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

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

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

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

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

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

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

NOTE 16: JPA and MOU Disclosure (Continued)

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

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

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

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

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

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

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

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

NOTE 16: JPA and MOU Disclosure (Continued)

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

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

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

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

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

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

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

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

NOTE 16: JPA and MOU Disclosure (Continued)

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

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

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

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

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

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

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

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

NOTE 16: JPA and MOU Disclosure (Continued)

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

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

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

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

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

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

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

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

NOTE 16: JPA and MOU Disclosure (Continued)

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

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

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

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

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

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

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

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

NOTE 16: JPA and MOU Disclosure (Continued)

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

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

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

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

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

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

GENERAL FUND

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

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

Program Support (Fund 90700)
- Administrative Services Division (ASD)

Inmate Management and Control (Fund 90700)
- Health Services Bureau (HSB)
- Adult Prisons Division (APD)
- Corrections Training Academy (CTA)
- Western New Mexico Correctional Facility (WNMCF)
- Southern New Mexico Correctional Facility (SNMCF)
- Penitentiary of New Mexico (PNM)
- Central New Mexico Correctional Facility (CNMCF)
- Roswell Correctional Center (RCC)
- Springer Correctional Center (SCC)

Inmate Programming (Fund 90700)
- Education Bureau (EDB)
- Addiction Services Bureau (ASB)

Community Offender Management (Fund 91500)
- Probation & Parole Division (PPD)

Community Corrections / Vendor Operated (Fund 90200)
- Community Corrections (CC)

Traditional Budget
- ASD Building Fund (Fund 89800)
- State Capital Projects Fund (99700)
- Computer System Enhancement (Fund 90700)

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

PROGRAM SUPPORT

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

The accompanying notes are an integral part of the financial statements

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

INMATE MANAGEMENT and CONTROL

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

The accompanying notes are an integral part of the financial statements

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

INMATE PROGRAMMING

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

The accompanying notes are an integral part of the financial statements

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

COMMUNITY OFFENDER MANAGEMENT

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

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

The accompanying notes are an integral part of the financial statements

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

COMMUNITY CORRECTIONS / VENDOR OPERATED

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

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

The accompanying notes are an integral part of the financial statements

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

COMPUTER SYSTEMS ENHANCEMENT

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

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

The accompanying notes are an integral part of the financial statements

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

Bud Reference 10824 – FUND 90700

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

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

The accompanying notes are an integral part of the financial statements

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

Z 80185 – FUND 90700

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

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

The accompanying notes are an integral part of the financial statements

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

Z 80187 – FUND 90700

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

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

The accompanying notes are an integral part of the financial statements

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

Z 80188 – FUND 90700

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

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

The accompanying notes are an integral part of the financial statements

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

Z 80189 – FUND 90700

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

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

The accompanying notes are an integral part of the financial statements

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

Z 90153 – FUND 90700

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

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

The accompanying notes are an integral part of the financial statements

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

Z 80185 – FUND 91500

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

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

The accompanying notes are an integral part of the financial statements

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

Z 81291 – FUND 91500

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

The accompanying notes are an integral part of the financial statements

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

BUILDING FUND
SHARE FUND 89800

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

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

The accompanying notes are an integral part of the financial statements

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

GENERAL OPERATING FUND
SHARE FUND 90700

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

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

The accompanying notes are an integral part of the financial statements

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

PROBATION AND PAROLE GENERAL OPERATING FUND
SHARE FUND 91500

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

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

The accompanying notes are an integral part of the financial statements

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

GENERAL FUND STATE CAPITAL PROJECTS FUND
SHARE FUND 99700

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

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

The accompanying notes are an integral part of the financial statements

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

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

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

The accompanying notes are an integral part of the financial statements

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

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

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

The accompanying notes are an integral part of the financial statements

ENTERPRISE FUND

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

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

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

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

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

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

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

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

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

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

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

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

CORRECTIONS INDUSTRIES DIVISION

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

SINGLE AUDIT SECTION

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

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

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

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

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

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

Internal Control Over Financial Reporting

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

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

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

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

Internal Control Over Financial Reporting - continued

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

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

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

Compliance and Other Matters

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

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

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

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

Meyners + Company, LLC

December 7, 2009

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

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

Compliance

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

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

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

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

Internal Control Over Compliance

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

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

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

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

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

Meyners + Company, LLC

December 7, 2009

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

Findings for Fiscal Year 2008		Current Status
07-02	Procurement Violations	Repeated and Modified
07-05	Inventory Control	Resolved
08-01	Inventory Control	Repeated and Modified
08-02	Joint Powers Agreement Violation	Resolved

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

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the State of New Mexico Corrections Department (Department).

2. Two significant deficiencies were disclosed during the audit of the financial statements and are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*. One of these deficiencies was considered to be a material weakness. There were also three deficiencies that were considered to be control deficiencies.

3. No instances of noncompliance material to the financial statements of the Department were disclosed during the audit.

4. There were no significant deficiencies disclosed during the audit of the major federal award programs as reported in the Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.

5. The auditors' report on compliance for the major federal award programs for the Department expresses an unqualified opinion.

6. The program tested as a major:

Program Name	CFDA Number
Career Pathways Initiative	16.579

7. The threshold for distinguishing Types A and B programs was $300,000.

8. The Department was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

07-02 Procurement Violations – Repeated and Modified

Condition:

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

Criteria:

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

Cause:

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

Effect:

Non-compliance with the New Mexico procurement code.

Recommendation:

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

Response:

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

08-01 Inventory Control – Repeated and Modified

Condition:

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

- At the Western New Mexico Correctional facility and the Roswell Corrections Center, we noted inventory tags were not being used by warehouse and canteen personnel to document the inventory items, quantity of each item, initials of the counter, initials of the reviewer, and date.

- At the Roswell Corrections Center, 3 attempts for an inventory observation were necessary in order to obtain reasonable assurance about the inventory value at year end. During the first attempt, 9 out of 30 items counted contained variances. During the second attempt, 7 out of 24 items counted contained variances. During the third and final attempt, 16 items were counted and no variances were noted.

- At the Roswell Corrections Center, there was not evidence of a review process of the inventory counts before we performed our test counts during the first 2 visits. Their process does not include a counter and a separate reviewer to ensure accuracy with the inventory counts.

Criteria:

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

Cause:

Lack of adherence to inventory observation procedures.

Effect:

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

Recommendation:

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

Response:

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

09-01 Lack of Supporting Documentation for Contracts

Condition:

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

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

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Response:

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

09-02 Operating Lease Schedule of Future Minimum Lease Payments

Condition:

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

Criteria:

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

Cause:

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

Effect:

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

Recommendation:

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

Response:

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

09-03 Acquiring Capital Assets

Condition:

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

Criteria:

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

Cause:

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

Effect:

The potential for misappropriation of capital assets is increased.

Recommendation:

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

Response:

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

C. FINDINGS – FEDERAL PROGRAMS

None

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

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

New Mexico Corrections Department Personnel:

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

Meyners + Company LLC Personnel:

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