

**STATE OF NEW MEXICO
GENERAL SERVICES
DEPARTMENT
Financial Statements
for the Year Ended
June 30, 2007,
and Independent
Auditors' Report**

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

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STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Official Roster

Year Ended June 30, 2007

Office of the Secretary

Title

Arturo L. Jaramillo
Thomas A. Romero
Chris Hoffman

Secretary
Deputy Secretary
Chief Financial Officer

Division Directors

Karen Baltzley
Donald L. Jordan
Elizabeth Stefanics
David Simpson
Bill Taylor
Michael C. Vinyard
Porfirio Perez, Jr.
John Martinez

Information Services Division
Administrative Services Division
Risk Management Division
Building Services Division
Property Control Division
Purchasing Division
Transportation Services Division
Communications Division

INDEPENDENT AUDITORS' REPORT

Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department, 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 State of New Mexico General Services Department (Department) as of and for the year ended June 30, 2007, which collectively comprise the Department's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Department's non-major governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements and budgetary comparisons as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except for the Department's Capital Assets – Construction in Progress category on the government-wide financial statements, 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 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 1, 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



Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department, and
Mr. Hector H. Balderas
New Mexico State Auditor

activities, each major fund and the aggregate remaining fund information of the Department 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, 2007, and the changes in its financial position and its cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Department was not able to provide adequate documentation regarding the amounts recorded as Capital Assets – Construction in Progress on the Government-Wide Financial Statements. Accounting principles generally accepted in the United States of America require that adequate accounting records be maintained for capital assets.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Department' Capital Assets – Construction in Progress documentation been available, 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 governmental fund and the aggregate remaining fund information of the Department as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund, non-major enterprise and fiduciary fund of the Department as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for each non-major governmental fund 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 February 20, 2009, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department, and
Mr. Hector H. Balderas
New Mexico State Auditor

The Management's Discussion and Analysis on pages 5 through 11 is not a required part of the basic financial statements but is supplemental 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 the combining and the individual fund financial statements and budgetary comparisons. The accompanying supplemental schedule listed in the table of contents as the schedule of changes in assets and liabilities – agency funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental information has been subjected to the auditing procedures applied in the audit of 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.

Meyers + Company, LLC

February 20, 2009

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Management's Discussion and Analysis
Year Ended June 30, 2007**

The Management's Discussion and Analysis (MD&A) of the State of New Mexico General Services Department (Department) explains the Department's financial statements and gives our summary of the Department's finances for the fiscal year ended June 30, 2007. We ask that it be read together with the financial statements, which follow it.

Overview of the Financial Statements

The Department's financial statements comply with the new Government Accounting Standards Board Statement No. 34 (GASB 34) financial Reporting Standard. They include the Basic Financial Statements (BFS) and Required Supplementary Information (RSI). The BFS consist of the Government-Wide Financial Statements, Fund Financial Statements and the Notes to the Financial Statements.

Government-Wide Financial Statements

The government-wide financial statements consist of a statement of net assets and a statement of activities. These statements cover all of the financial activities and resources of the Department as a whole, except fiduciary activities. Fiduciary activities are not included because the resources do not belong to the Department. The government-wide financial statements report the Department's governmental and business-type activities. Governmental activities are the activities financed by a general revenue appropriation, bonds or state and federal grant. Business-type activities are activities operated like a business. These activities provide goods or services for a fee on a cost reimbursement basis (i.e., are self-supporting).

The Statement of Net Assets reports what the Department owned (assets) and owed (liabilities) at June 30, 2007. Net assets are what will remain after all liabilities are paid off. Net assets legally limited to a particular use are reported as restricted. Unrestricted net assets are assets that can be used for any of the Department's purposes in future years.

The Statement of Activities reports the costs (expenses) of providing support services to other state agencies and local governments and the revenues obtained to finance them. The first column of the statement reports the Department's governmental and business-type activities by program. A program is a grouping of similar activities. For example, Program Support includes the support activities of the Office of the Secretary and the Administrative Services Division (which also operates the state's Inter-agency Mail Service). The second column lists each program's expenses. The next set of columns report program revenues (revenues earned by the programs themselves). The last three columns are obtained by subtracting program revenues from program expenses. They show the amounts by which programs covered their own costs with user fees, bond proceeds and grants. The bottom half of the statement shows the money appropriated and transferred to the Department from the State General Fund and other general revenues used to finance services.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Management's Discussion and Analysis - continued
Year Ended June 30, 2007

Fund Financial Statements

The fund financial statements follow the government-wide financial statements. They provide more detail about the Department's major funds (as defined by GASB 34, the most material governmental and business-type funds, not the Department as a whole). Smaller funds (labeled non-major) are combined and reported in total under the other funds column. The financial details pertaining to these smaller funds are reported in the combining financial statements located in the supplemental schedules.

Funds are a method of accounting used by the Department to keep track of specific revenue sources and expenditures for separate functions. Some funds are required by state law and by bond provisions. Management established other funds to control and manage money for particular purposes or to show that it is properly using certain financial resources. The Department uses three types of funds to account for its service activities.

➤ Governmental Funds

The focus of governmental funds is short-term. They report only current assets (cash, accounts receivable, etc.), current liabilities and financial resources that flowed in and out of the Department during the year. They are the governmental activities reported in the government-wide financial statements. The Department uses three types of governmental funds:

- **General Fund** is used to account for services funded by general revenue appropriations not accounted for in other funds.
- **Special Revenue Funds** are used to give an accounting of the use of resources legally restricted for specific uses. For example, the Procurement Assistance federal and state grant must be used to educate New Mexico businesses on how to do business with state, federal and local governments.
- **Capital Project Funds** are used to track appropriations to the Department to build, acquire, renovate and improve state-owned buildings and land.

➤ Proprietary Funds

Proprietary funds are used to report the Department's service activities that charge customers a fee. Most of the Department's services are included in proprietary funds. Like the government-wide financial statements, they report all assets (including capital assets), liabilities (short- and long-term), revenues, expenses, gains and loss. They report the services included in the business-type activities in the government-wide financial statements. The Department uses one kind of proprietary fund, **Enterprise Funds**, to account for services provided to external customers.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Management's Discussion and Analysis - continued
Year Ended June 30, 2007**

Fund Financial Statements - continued

➤ **Fiduciary Funds**

Fiduciary funds are used to account for resources the Department holds for others. The Department uses one kind of fiduciary fund, **Agency Funds**, to hold medical insurance premiums collected from other state agencies and other public bodies until the premiums are remitted to the insurance carriers. The Department is responsible for seeing that the assets in these funds are spent for their intended purpose. The finances of these funds are reported in a separate statement of fiduciary net assets. The resources of these funds are excluded from the government-wide financial statements because they cannot be used to finance the Department's operations.

Budgetary Comparisons

In addition to the MD&A, GASB 34 requires budgetary comparison schedules 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 schedules should present both the original and the final appropriated budgets for the reporting period, as well as the actual inflows, outflow and balances, stated on the government's budgetary basis.

As required by the Office of the State Auditor under 2.2.2 NMAC (the "Audit Rule"), 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 legally authorized appropriations.

Notes to the Financial Statements

The notes to the financial statements consist of narratives and explanatory financial schedules that provide information that is essential to a user's understanding of the basic financial statements.

Financial Analysis of the Department as a Whole

Net Assets: Table A-1 summarizes the Department's net assets for the fiscal year ending June 30, 2007. Total Department net assets for fiscal year FY07 were \$596,733,830. The negative unrestricted balance is the result of the large deficit net assets of the risk funds offsetting the positive amounts of capital assets, net of related debt. It should be noted that the risk fund amounts shown reflect actuarially estimated losses from claims incurred that the affected fund(s) would need to pay using the fund's June 30, 2007 asset balance. Such reporting is required by GASB 10. The New Mexico Risk Management Advisory Board recommends maintaining the asset balances at a minimum of at least 50 percent of the actuarially-estimated losses. Therefore, any fund amount that has less than 100 percent in assets to pay its estimated incurred losses, and other liabilities, will show a deficit net asset balance. The deficit balance for the Office of Information Processing is the result of the federal claim.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Management's Discussion and Analysis - continued
Year Ended June 30, 2007**

Financial Analysis of the Department as a Whole - continued

The larger part of the Department's restricted net assets (86%) represent payments that are restricted for insurance claims. They represent insurance premiums and contributions collected from other state agencies, local public bodies and employees that can only be spent to insure these entities and their employees against loss.

The \$223,512,449 deficit of unrestricted net assets indicates there are not sufficient resources on hand to pay claims against the state in future years. The decrease in unrestricted net assets in 2007 is a result of an increase in the claims payable for the risk liability funds. As a result of the additional liability, the following risk funds have negative fund balances:

Public Liability Fund	\$	(50,837,887)
Workers' Compensation Retention	\$	(28,330,771)

**Table A-1
The Department's Net Assets**

	<u>FY2007</u>	<u>FY2006</u>	<u>Percent Change</u>
Assets:			
Current and Other Assets	\$ 234,701,740	217,756,436	7%
Capital Assets	<u>362,032,090</u>	<u>325,352,472</u>	<u>12%</u>
Total Assets	596,733,830	543,108,909	10%
Liabilities:			
Current Liabilities	145,172,720	256,039,890	-43%
Long term Obligations	<u>104,925,238</u>	<u>563,644</u>	<u>>100%</u>
Total Liabilities	250,097,958	256,603,534	-2%
Net Assets:			
Invested in Capital Assets	362,032,090	325,352,472	12%
Restricted	208,116,231	193,850,387	7%
Unrestricted	<u>(223,512,449)</u>	<u>(232,697,483)</u>	<u>-4%</u>
Total Net Assets	<u>\$ 346,635,872</u>	<u>286,505,376</u>	16%

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Management's Discussion and Analysis - continued
Year Ended June 30, 2007**

Financial Analysis of the Department as a Whole - continued

Changes in Net Assets: The Department's change in net assets for fiscal year FY07 was a decrease of \$58,981,385 (Table A-2). The change is the difference between total program revenues, general revenues and the total cost of all programs and services. The increase indicates the Department's financial position as a whole has improved from the previous fiscal year, primarily because the Department's executive management has been particularly focused on the actuarial soundness of funds. Additionally, the Department's leadership and staff strategically and progressively improved the efficiency of financial and program operations.

A major portion, 83%, of the Department's revenues came from program revenues. Approximately 99% of these revenues came from service fees and insurance premiums collected from all state agencies, participating local public bodies and their employees. Only 17% of the Department's revenues came from general revenue appropriations, taxes and other general revenues.

Of the total cost of all programs and services of \$415,248,765, 69% of this amount, or \$283,002,443, is for group health and disability, dental, vision, long-term care and life insurance premiums paid to insurance companies on behalf of employees, former employees and retirees. \$51,736,599, or 13%, of the total cost pertains to public liability administration and claims payments, whereas \$37,606,206, or 9%, of the total cost is for information technology services.

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

	<u>FY2007</u>	<u>FY2006</u>	<u>Percent Change</u>
Revenue:			
Program Revenues:			
Charges for Services	\$ 64,821,568	55,929,376	16%
Federal Funds	-	55,688	-100%
Severance Tax Bond Proceeds	2,376,358	9,589,210	-75%
Risk Management	<u>320,507,178</u>	<u>261,747,334</u>	<u>22%</u>
Total Program Revenues	387,705,104	327,321,608	18%
General Revenues	<u>86,525,046</u>	<u>49,415,486</u>	<u>75%</u>
Total Revenue	474,230,150	376,737,094	26%
Expenses:			
Employee Group Benefits	283,002,443	222,882,623	27%
Information Technology	37,606,206	49,974,678	-25%
Risk Management	51,736,599	75,292,533	-31%
Other Expenses	<u>42,903,517</u>	<u>38,460,623</u>	<u>-12%</u>
Total Expenses	<u>415,248,765</u>	<u>386,610,457</u>	<u>7%</u>
Increase (Decrease) in Net Assets	<u>\$ 58,981,385</u>	<u>(9,873,363)</u>	698%

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Management's Discussion and Analysis - continued
Year Ended June 30, 2007

Financial Analysis of the Department as a Whole - continued

Governmental Activities: Revenues of governmental activities increased to \$74,962,991. This increase was largely due to appropriation increases.

The cost of all governmental activities this year increased to \$22,015,009.

Business-type Activities: The cost of all business-type activities was \$393,233,756. Those who benefited from the services funded approximately \$378,205,976, or 96%, of the cost. The portion of the cost of these activities funded by general revenues was less than 4%.

Financial Analysis of the Department's Funds

Governmental Funds: Combined revenues and net financing sources from governmental fund types totaled \$74,962,991, an increase of 128% from the preceding year.

Expenditures from governmental funds totaled \$57,683,675, an increase of \$13,209,755 from fiscal year 2006. The increase is due to more capital projects activity, specifically related to the Capital Buildings Repair fund, Laws of 2004 and Laws of 2006 Capital Projects funds.

Proprietary Funds: Operating revenues and net non-operating revenues of the Department's business-type activities increased 16% from the previous year to \$399,267,159. As explained in a later section of this report, these revenues were not sufficient, in some cases, to pay the operating costs of the Department's business-type activities.

Expenses increased 11% to \$398,275,810. The increase occurred primarily because of higher claims in Employee Group Benefits and increases to the actuarial claims payable amounts for the risk liability funds.

Budget Comparisons

General Fund: For FY07, total actual revenues were within approximately \$24,000 of budgeted revenues of \$13,170,700. Total expenditures were \$1,201,450 under budget due to a decrease in contractual services and other financing uses.

Other Major Governmental Funds: Capital Building Repair for FY07 did not receive appropriations of approximately \$7,720,360. Additionally, there were no expenditures for FY07.

Property Control Reserve and Laws of 2006 actual amounts approximated budget for FY07.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Management's Discussion and Analysis - continued
Year Ended June 30, 2007

Capital Assets and Debt Management

Capital Assets: The Department's investment in property and equipment increased by \$36,679,618 in 2007 (Note 4), primarily due to increased activity in capital projects related to new appropriations for the Laws of 2006.

Long-term Debt: The Department's only long-term debt is compensated absences payable of \$544,718.

Items Affecting the Department's Future

The Department's management believes that its future financial position could be affected by the following trends or events:

Rates for Services: The Department's business-type activities, as measured by the Statement of Revenues, Expenses and Changes in Net Assets for the major enterprise funds, show that all of the five funds have an operating loss. This indicates that the service rates as developed with the current methods are not sufficient to recover actual costs of the programs. Extensive evaluation and revision of the IT and communications rates and the rates of other services was undertaken in fiscal year 2007.

Another indicator of rate revenues not being matched with costs is the notice of a claim by the DHHS Division of Cost Allocations against the Information Services Division of \$3.7 million for overcharging for certain services. The claim does not recognize undercharges as offsets, leading the Department to raise legal challenges on the claim.

The largest loss was in the risk liability funds. If the reserves in these funds are not increased, a spike in claims could realize deficits in one or more of these funds. The Risk Management Advisory Board recommends 50 percent soundness (Assets/Estimated Outstanding Losses) and the risk liability funds based on total assets of \$59,147,774 and estimated outstanding losses of \$107,861,369 shows the public liability fund to be 55 percent sound.

Information Technology Consolidation: The strategic direction for information technology in state government is to create enterprise-scale infrastructure resources to replace the build-out of infrastructure resources in individual agencies. The Department has been identified as the lead agency for this initiative by Executive Order 2004-014. The requirement for capital investment to create a new information technology infrastructure may increase both the net assets and the operating costs of the Department in the next one to three fiscal years.

FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Net Assets

AS OF JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
CURRENT ASSETS:			
State General Fund Investment Pool at the State Treasurer's Office	\$ 79,151,288	130,482,773	209,634,061
Receivables:			
Severance tax bonds proceeds	-	-	-
Interest	4,609	-	4,609
Accounts/trade	-	17,567,896	17,567,896
Allowance for doubtful accounts	-	(3,424,890)	(3,424,890)
Due from (to) other funds	-	512,894	512,894
Due from other agencies	678,643	9,066,210	9,744,853
Other assets	3,468	10,180	13,648
Inventories	<u>119,839</u>	<u>528,830</u>	<u>648,669</u>
TOTAL CURRENT ASSETS	79,957,847	154,743,893	234,701,740
NON-CURRENT ASSETS:			
Capital assets	677,173,255	124,947,197	802,120,452
Less: accumulated depreciation	<u>(355,636,691)</u>	<u>(84,451,671)</u>	<u>(440,088,362)</u>
TOTAL NON-CURRENT ASSETS	<u>321,536,564</u>	<u>40,495,526</u>	<u>362,032,090</u>
TOTAL ASSETS	\$ <u>401,494,411</u>	<u>195,239,419</u>	<u>596,733,830</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Net Assets - continued

AS OF JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES:			
CURRENT LIABILITIES:			
Bank overdraft	\$ 91,231	813,426	904,657
Claims payable	-	76,135,337	76,135,337
Accounts payable	3,909,721	21,862,372	25,772,093
Payable to Agency Fund	81,930	-	81,930
Deferred revenue	25,451,102	4,705,572	30,156,674
Accrued payroll expenses	469,999	2,689,198	3,159,197
Due to State General Fund	757,852	-	757,852
Due to other funds	512,894	-	512,894
Due to other agencies	-	4,189,693	4,189,693
Capital leases payable	-	2,775,812	2,775,812
Accrued compensated absences	<u>170,399</u>	<u>556,182</u>	<u>726,581</u>
TOTAL CURRENT LIABILITIES	31,445,128	113,727,592	145,172,720
LONG-TERM DEBT:			
Claims payable	-	104,380,520	104,380,520
Compensated absences payable	<u>139,418</u>	<u>405,300</u>	<u>544,718</u>
TOTAL LIABILITIES	31,584,546	218,513,412	250,097,958
NET ASSETS:			
Invested in capital assets, net of related debt	321,536,564	40,495,526	362,032,090
Restricted for:			
Insurance/claims	-	180,515,857	180,515,857
Capital projects	27,600,374	-	27,600,374
Unrestricted	<u>20,772,927</u>	<u>(244,285,376)</u>	<u>(223,512,449)</u>
TOTAL NET ASSETS	<u>369,909,865</u>	<u>(23,273,993)</u>	<u>346,635,872</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>401,494,411</u>	<u>195,239,419</u>	<u>596,733,830</u>

AS OF JUNE 30, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
FUNCTIONS/PROGRAMS:				
GOVERNMENTAL ACTIVITIES:				
Program support	\$ 6,363,448	6,183,226	-	-
Procurement services	3,966,806	-	-	-
Business office space management/maintenance	405,200	-	-	-
Capital projects	<u>11,279,555</u>	-	-	<u>3,202,006</u>
TOTAL GOVERNMENTAL ACTIVITIES	22,015,009	6,183,226	-	3,202,006
BUSINESS-TYPE ACTIVITIES:				
Program support	13,661,117	4,637,388	-	-
Information technology	37,606,206	36,023,102	-	-
Risk management	51,736,599	320,617,830	-	-
Employee group benefits	283,002,443	8,334,942	-	-
Transportation services	<u>7,227,391</u>	<u>8,706,610</u>	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>393,233,756</u>	<u>378,319,872</u>	-	-
TOTAL	\$ <u>415,248,765</u>	<u>384,503,098</u>	-	<u>3,202,006</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Activities

	<u>Net (Expenses) Revenue and Changes in Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$	(180,222)	-	(180,222)
	(3,966,806)	-	(3,966,806)
	-	-	-
	(405,200)	-	(405,200)
	<u>(8,077,549)</u>	<u>-</u>	<u>(8,077,549)</u>
	(12,629,777)	-	(12,629,777)
	-	(9,023,729)	(9,023,729)
	-	(1,583,104)	(1,583,104)
	-	268,881,231	268,881,231
	-	(274,667,501)	(274,667,501)
	<u>-</u>	<u>1,479,219</u>	<u>1,479,219</u>
	<u>-</u>	<u>(14,913,884)</u>	<u>(14,913,884)</u>
	<u>(12,629,777)</u>	<u>(14,913,884)</u>	<u>(27,543,661)</u>
GENERAL REVENUES:			
Intra-agency transfers	(396,100)	396,100	-
Transfers:			
Appropriations - General Fund	26,066,400	819,900	26,886,300
Reversions - General Fund	(459,485)	-	(459,485)
Other State agency transfers, net	39,363,262	14,202,791	53,566,053
Interest income	1,003,682	5,528,496	6,532,178
Capital projects appropriations	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL REVENUES	<u>65,577,759</u>	<u>20,947,287</u>	<u>86,525,046</u>
CHANGE IN NET ASSETS	52,947,982	6,033,403	58,981,385
BEGINNING NET ASSETS	315,812,771	(29,307,396)	286,505,375
RESTATEMENT	<u>1,149,112</u>	<u>-</u>	<u>1,149,112</u>
BEGINNING NET ASSETS, as restated	<u>316,961,883</u>	<u>(29,307,396)</u>	<u>287,654,487</u>
ENDING NET ASSETS	\$ <u>369,909,865</u>	<u>(23,273,993)</u>	<u>346,635,872</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Balance Sheet - Governmental Funds

AS OF JUNE 30, 2007

	Major Funds					Total Governmental
	General Fund	Capitol Buildings Repair Fund	Property Control Reserve	Laws of 2006	Other Governmental Funds	
ASSETS:						
State General Fund						
Investment Pool at the State Treasurer's Office	\$ 4,053,460	15,461,462	3,019,907	30,053,655	26,562,804	79,151,288
Receivables:						
Severance tax bond proceeds	-	-	-	-	-	-
Interest	1,308	-	-	-	3,301	4,609
Due from other funds	105,504	-	-	-	230,045	335,549
Due from other agencies	-	412,836	65,807	200,000	-	678,643
Other assets	3,468	-	-	-	-	3,468
Inventories	<u>119,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>119,839</u>
TOTAL ASSETS	\$ <u>4,283,579</u>	<u>15,874,298</u>	<u>3,085,714</u>	<u>30,253,655</u>	<u>26,796,150</u>	<u>80,293,396</u>
LIABILITIES:						
Bank overdraft	\$ -	-	-	-	91,231	91,231
Claims payable	-	-	-	-	-	-
Accounts payable	2,310,494	523,046	43,777	574,200	458,204	3,909,721
Deferred revenue	-	-	-	14,069,455	11,381,647	25,451,102
Accrued expenses	468,568	-	-	-	1,431	469,999
Due to other funds	801,091	-	-	-	129,282	930,373
Due to State General Fund	560,490	-	-	-	197,362	757,852
Due to other agencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,140,643</u>	<u>523,046</u>	<u>43,777</u>	<u>14,643,655</u>	<u>12,259,157</u>	<u>31,610,278</u>
FUND BALANCES:						
Reserved for:						
Inventories	119,839	-	-	-	-	119,839
Capital projects	-	-	3,041,937	-	9,207,185	12,249,122
Unreserved	<u>23,097</u>	<u>15,351,252</u>	<u>-</u>	<u>15,610,000</u>	<u>5,329,808</u>	<u>36,314,157</u>
TOTAL FUND BALANCES	<u>142,936</u>	<u>15,351,252</u>	<u>3,041,937</u>	<u>15,610,000</u>	<u>14,536,993</u>	<u>48,683,118</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>4,283,579</u>	<u>15,874,298</u>	<u>3,085,714</u>	<u>30,253,655</u>	<u>26,796,150</u>	<u>80,293,396</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets**

YEAR ENDED JUNE 30, 2007

**TOTAL FUND BALANCE - GOVERNMENTAL FUNDS
(GOVERNMENTAL FUND BALANCE SHEET):** \$ 48,683,118

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.

The cost of capital assets is	677,173,255
Accumulated depreciation is	<u>(355,636,691)</u>

Total capital assets	321,536,564
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Long-term and certain other liabilities, such as compensated absences,
are not due and payable in the current period and therefore are
not reported as liabilities in the funds. (309,817)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES -
(STATEMENT OF NET ASSETS)** \$ 369,909,865

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds

AS OF JUNE 30, 2007

	Major Funds					Total Governmental
	General Fund	Capital Buildings Repair Fund	Property Control Reserve	Laws of 2006	Other Governmental Funds	
REVENUES:						
Service fees/premiums	\$ 88,194	1,242,093	11,214	30,000	4,811,725	6,183,226
Federal funds	-	-	-	-	-	-
Interest income	-	849,661	154,021	-	-	1,003,682
Capital projects appropriations	-	-	-	-	-	-
Severance tax bond proceeds	-	-	-	-	3,202,006	3,202,006
TOTAL REVENUES	88,194	2,091,754	165,235	30,000	8,013,731	10,388,914
EXPENDITURES:						
Current expenditures:						
Personnel services	4,272,493	-	-	-	-	4,272,493
Employee benefits	2,045,632	-	-	-	-	2,045,632
In-state travel	7,374	-	-	-	-	7,374
Out-of-state travel	5,087	-	-	-	-	5,087
Maintenance and repairs	1,502,717	-	-	-	-	1,502,717
Supplies	155,611	-	-	-	-	155,611
Contractual services	13,230	-	-	-	-	13,230
Operating costs	3,966,806	-	-	-	-	3,966,806
Other costs	300	-	-	-	392,439	392,739
Capital outlay	-	837,147	24,515,171	7,213,422	12,756,246	45,321,986
TOTAL EXPENDITURES	11,969,250	837,147	24,515,171	7,213,422	13,148,685	57,683,675
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,881,056)	1,254,607	(24,349,936)	(7,183,422)	(5,134,954)	(47,294,761)
OTHER FINANCING SOURCES (USES):						
Intra-agency transfer	(189,000)	-	-	-	(207,100)	(396,100)
Transfers:						
General and special appropriations	12,818,700	-	-	13,080,000	167,700	26,066,400
Reversions to State General Fund	(335,390)	-	-	-	(124,095)	(459,485)
Other State agency transfers, net	252,000	-	23,602,317	9,713,422	5,795,523	39,363,262
NET OTHER FINANCING SOURCES (USES)	12,546,310	-	23,602,317	22,793,422	5,632,028	64,574,077
NET CHANGE IN FUND BALANCES	665,254	1,254,607	(747,619)	15,610,000	497,074	17,279,316
BEGINNING FUND BALANCES	(1,671,430)	14,096,645	3,789,556	-	14,039,919	30,254,690
RESTATEMENT	1,149,112	-	-	-	-	1,149,112
BEGINNING FUND BALANCES, as restated	(522,318)	14,096,645	3,789,556	-	14,039,919	31,403,802
ENDING FUND BALANCES	\$ 142,936	15,351,252	3,041,937	15,610,000	14,536,993	48,683,118

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities

YEAR ENDED JUNE 30, 2007

**NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
(STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES)**

\$ 17,279,316

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) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The increase in the liabilities for the fiscal year was:

(45,323)

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 were:

Capital outlay	45,321,986
Depreciation expense	<u>(9,607,997)</u>

Excess of depreciation expense over capital outlay	<u>35,713,989</u>
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**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES
(STATEMENT OF ACTIVITIES)**

\$ 52,947,982

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major Governmental Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

	GENERAL FUND - TOTAL			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	Actuals	Positive (Negative)
REVENUES:				
Appropriations	\$ 12,818,700	12,818,700	12,818,700	-
Other revenues	-	-	88,194	88,194
Other financing sources	<u>352,000</u>	<u>352,000</u>	<u>252,000</u>	<u>(100,000)</u>
Total revenues	13,170,700	13,170,700	<u>13,158,894</u>	<u>(11,806)</u>
Cash balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>13,170,700</u>	<u>13,170,700</u>		
EXPENDITURES - current:				
Personnel services	\$ 7,220,200	6,462,400	6,318,125	144,275
Contractual services	387,400	752,400	288,230	464,170
Other costs	5,114,900	5,507,700	5,362,895	144,805
Capital outlay	-	-	-	-
Other financing uses	<u>448,200</u>	<u>448,200</u>	<u>189,000</u>	<u>259,200</u>
TOTAL EXPENDITURES	\$ <u>13,170,700</u>	<u>13,170,700</u>	<u>12,158,250</u>	<u>1,012,450</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	\$ <u>-</u>	<u>-</u>	<u>1,000,644</u>	

AS OF JUNE 30, 2007

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
ASSETS:		
Current assets:		
State General Fund Investment Pool at the State Treasurer's Office	\$ 54,543,711	-
Receivables:		
Interest receivable	-	-
Accounts/trade receivable	3,271,473	447,140
Allowance for doubtful accounts	(33,485)	(259,834)
Due from other funds	-	-
Due from other agencies	1,366,075	31,130
Other assets	-	-
Inventories	<u>-</u>	<u>-</u>
 Total current assets	 59,147,774	 218,436
 Non-current assets:		
Capital assets	-	-
Accumulated depreciation	<u>-</u>	<u>-</u>
 Total non-current assets	 <u>-</u>	 <u>-</u>
 TOTAL ASSETS	 \$ <u>59,147,774</u>	 <u>218,436</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Net Assets - Enterprise Funds

75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
32,532,413	43,406,649	130,482,773
-	-	-
-	13,849,283	17,567,896
-	(3,131,571)	(3,424,890)
245,790	1,195,150	1,440,940
972,984	6,696,021	9,066,210
-	10,180	10,180
-	<u>528,830</u>	<u>528,830</u>
33,751,187	62,554,542	155,671,939
-	124,947,197	124,947,197
-	<u>(84,451,671)</u>	<u>(84,451,671)</u>
-	<u>40,495,526</u>	<u>40,495,526</u>
<u>33,751,187</u>	<u>103,050,068</u>	<u>196,167,465</u>

AS OF JUNE 30, 2007

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
LIABILITIES:		
Current liabilities:		
Claims payable	\$ 17,935,390	12,956,022
Due to State Treasurer's Office - overdraft	-	813,426
Accounts payable	2,124,292	467,766
Deferred revenue	-	-
Accrued payroll expenses	-	-
Due to other funds	-	-
Due to other agencies	-	-
Capital leases payable	-	-
Accrued compensated absences	<u>-</u>	<u>-</u>
 Total current liabilities	 20,059,682	 14,237,214
 Long-term liabilities:		
Claims payable	89,925,979	14,311,993
Compensated absences payable	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES	 \$ <u>109,985,661</u>	 <u>28,549,207</u>
 NET ASSETS:		
Invested in capital assets, net of related debt	\$ -	-
Restricted for:		
Insurance/claims	107,861,369	27,268,015
Unrestricted	<u>(158,699,256)</u>	<u>(55,598,786)</u>
 TOTAL NET ASSETS	 <u>(50,837,887)</u>	 <u>(28,330,771)</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>59,147,774</u>	 <u>218,436</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Net Assets - Enterprise Funds - continued

75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
37,767,400	7,476,525	76,135,337
-	-	813,426
6,405,971	12,864,343	21,862,372
-	4,705,572	4,705,572
1,038,000	1,651,198	2,689,198
-	928,046	928,046
-	4,189,693	4,189,693
-	2,775,812	2,775,812
-	556,182	556,182
45,211,371	35,147,371	114,655,638
-	142,548	104,380,520
-	405,300	405,300
<u>45,211,371</u>	<u>35,695,219</u>	<u>219,441,458</u>
-	40,495,526	40,495,526
37,767,400	7,619,073	180,515,857
<u>(49,227,584)</u>	<u>19,240,250</u>	<u>(244,285,376)</u>
<u>(11,460,184)</u>	<u>67,354,849</u>	<u>(23,273,993)</u>
<u>33,751,187</u>	<u>103,050,068</u>	<u>196,167,465</u>

AS OF JUNE 30, 2007

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
OPERATING REVENUES:		
Service for premiums	\$ 39,588,860	14,211,664
Federal funds	-	-
Interest income	2,719,450	59,382
Other revenue	<u>985,873</u>	<u>638,058</u>
TOTAL OPERATING REVENUES	43,294,183	14,909,104
OPERATING EXPENSES:		
Personnel services	-	-
Employee benefits	-	-
In-state travel	194	-
Out-of-state travel	-	-
Maintenance and repairs	-	-
Supplies	-	-
Contractual services	10,609,827	1,185,156
Depreciation	-	-
Operating costs	-	-
Other costs	<u>10,698,567</u>	<u>20,177,930</u>
TOTAL OPERATING EXPENSES	<u>21,308,588</u>	<u>21,363,086</u>
OPERATING INCOME (LOSS)	21,985,595	(6,453,982)

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Statement of Revenues, Expenses and Changes
in Net Assets - Enterprise Funds**

75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
255,635,185	61,599,733	371,035,442
-	-	-
2,017,418	732,246	5,528,496
<u>1,553,016</u>	<u>4,097,372</u>	<u>7,274,319</u>
259,205,619	66,429,351	383,838,257
-	15,791,950	15,791,950
-	6,056,985	6,056,985
-	65,717	65,911
-	57,771	57,771
-	565,809	565,809
-	4,328,016	4,328,016
18,217,731	8,975,160	38,987,874
-	9,109,177	9,109,177
-	23,379,008	23,379,008
<u>257,491,543</u>	<u>6,523,215</u>	<u>294,891,255</u>
<u>275,709,274</u>	<u>74,852,808</u>	<u>393,233,756</u>
(16,503,655)	(8,423,457)	(9,395,499)

AS OF JUNE 30, 2007

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on disposal	\$ -	-
Other financing sources (uses):		
Transfers:		
General appropriations	-	-
Intra-agency transfers	(3,031,100)	(1,871,700)
Other state agency transfers	-	-
Other state funds	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(3,031,100)</u>	<u>(1,871,700)</u>
INCOME BEFORE TRANSFERS	18,954,495	(8,325,682)
TRANSFERS FROM (TO)	<u>-</u>	<u>-</u>
CHANGE TO NET ASSETS	18,954,495	(8,325,682)
BEGINNING NET ASSETS	(69,792,382)	(20,005,089)
RESTATEMENT	<u>-</u>	<u>-</u>
BEGINNING NET ASSETS, as restated	<u>(69,792,382)</u>	<u>(20,005,089)</u>
ENDING NET ASSETS	<u>\$ (50,837,887)</u>	<u>(28,330,771)</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Statement of Revenues, Expenses and Changes
in Net Assets - Enterprise Funds - continued**

75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
-	-	-
-	819,900	819,900
(881,900)	6,180,800	396,100
-	14,202,791	14,202,791
<u>-</u>	<u>10,111</u>	<u>10,111</u>
<u>(881,900)</u>	<u>21,213,602</u>	<u>15,428,902</u>
(17,385,555)	12,790,145	6,033,403
<u>-</u>	<u>-</u>	<u>-</u>
(17,385,555)	12,790,145	6,033,403
5,925,371	54,564,704	(29,307,396)
<u>-</u>	<u>-</u>	<u>-</u>
<u>5,925,371</u>	<u>54,564,704</u>	<u>(29,307,396)</u>
<u>(11,460,184)</u>	<u>67,354,849</u>	<u>(23,273,993)</u>

AS OF JUNE 30, 2007

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
OPERATING ACTIVITIES:		
Fees received	\$ 38,916,975	14,702,133
Other income	-	-
Cash paid to suppliers and employees	(28,020,256)	(15,327,187)
Prior period adjustment	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	10,896,719	(625,054)
NON-CAPITAL FINANCING ACTIVITIES:		
Appropriation from/reversion to State General Fund	-	-
Severance tax bond proceeds	-	-
Transfers	<u>(3,031,100)</u>	<u>(1,871,700)</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(3,031,100)	(1,871,700)
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital lease and expenditures	<u>-</u>	<u>-</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	7,865,619	(2,496,754)
BEGINNING CASH	<u>46,678,092</u>	<u>1,683,328</u>
ENDING CASH (OVERDRAFT)	\$ <u>54,543,711</u>	<u>(813,426)</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Cash Flows - Enterprise Funds

75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
258,108,193	56,347,853	368,075,154
-	-	-
(258,395,972)	(72,453,071)	(374,196,486)
<u>-</u>	<u>-</u>	<u>-</u>
(287,779)	(16,105,218)	(6,121,332)
-	819,900	819,900
-	-	-
<u>(881,900)</u>	<u>20,393,702</u>	<u>14,609,002</u>
(881,900)	21,213,602	15,428,902
<u>-</u>	<u>(11,196,816)</u>	<u>(11,196,816)</u>
<u>-</u>	<u>(11,196,816)</u>	<u>(11,196,816)</u>
(1,169,679)	(6,088,432)	(1,889,246)
<u>33,702,092</u>	<u>49,495,081</u>	<u>131,558,593</u>
<u><u>32,532,413</u></u>	<u><u>43,406,649</u></u>	<u><u>129,669,347</u></u>

AS OF JUNE 30, 2007

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 21,985,595	(6,453,982)
Adjustments:		
Depreciation	-	-
Loss on disposal of Capital Assets	-	-
Prior period adjustment	-	-
Decrease (increase) in assets:		
Accounts receivable and due from other agencies and funds	(4,377,209)	(206,971)
Inventories	-	-
Increase (decrease) in liabilities:		
Prior period		
Insurance claims payable	-	5,851,049
Accounts/federal claims payable and due to other agencies and funds	1,148,568	184,850
Accrued expenses	(7,860,235)	-
Accrued compensated absences	<u> </u>	<u> </u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u>10,896,719</u>	<u>(625,054)</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Cash Flows - Enterprise Funds - continued

75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
(16,503,655)	(8,423,457)	(9,395,499)
-	9,109,176	9,109,176
-	-	-
-	-	-
(1,097,426)	(10,946,538)	(16,628,144)
-	(111,999)	(111,999)
15,048,809	958,984	21,858,842
1,226,493	(7,679,014)	(5,119,103)
1,038,000	484,817	(6,337,418)
-	502,813	502,813
<u>(287,779)</u>	<u>(16,105,218)</u>	<u>(6,121,332)</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Fiduciary Assets and Liabilities - Agency Funds

AS OF JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS:	
Cash	\$ 854,938
Due from other funds	<u>81,930</u>
TOTAL ASSETS	\$ <u>936,868</u>
LIABILITIES:	
Accounts payable	\$ 6
Deposits held in custody for others	<u>936,862</u>
TOTAL LIABILITIES	\$ <u>936,868</u>

NATURE OF ORGANIZATION

The State of New Mexico General Services Department (Department) was created to increase the efficiency and responsiveness of New Mexico State Government by consolidating certain governmental functions within a single department and by providing support services for other governmental entities. Specific programs accomplish a number of services, including building maintenance and security; transportation; automated data processing; voice, data and radio communications; capital projects and improvements; central purchasing; and printing.

Reporting Entity

The financial reporting entity, as defined by GASB Statements 14 and 39, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government".

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 included in the State's reporting entity. These financial statements include all funds over which the Department Secretary has oversight responsibility. The functions of the Department are administered through the following divisions: Building Services, Administrative Services, Information Systems, Property Control, Risk Management, State Purchasing and Transportation. Overall support is provided by the Administrative Services Division and the Office of the Secretary.

State Personnel Office. The State Personnel Office is administratively attached to the Department. The Department has no administrative or financial control over this agency and, accordingly, it is not included in the Department's financial statements.

The Department had no component units during the year ended June 30, 2007.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards 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 No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

In June 1999, the GASB unanimously approved GASB No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This statement provides for the most significant change in financial reporting in over 20 years and is scheduled for a phased implementation based on size of government.

• **Government-wide Financial Statements**

The government-wide financial statements, i.e., the statement of net assets and the statement of changes in net assets, report information on all of the non-fiduciary funds of the Department and exclude component units that are fiduciary in nature. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The components of net assets are invested in capital assets, net of related debt, if applicable, restricted and unrestricted.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are reported as general revenues. Indirect expenses are allocated to other costs.

Separate financial statements are provided for governmental funds and proprietary (enterprise) funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

• **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary (enterprise) funds and the fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

• **Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Department first uses restricted net assets.

Fund financial statements report detailed information about the Department. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB No. 33 (as it relates to non-exchange and exchange 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. Derived tax revenues (gas, motor vehicle) are included as revenue when the underlying transaction takes place. Any non-exchange transactions (including grants, taxes and contributions) are not recognized until they are measurable or reasonably estimable.

Proprietary (enterprise) funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accounts of the Department are organized 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/net assets, revenues and expenditures/expenses. The various funds are summarized by type in the accompanying financial statements. The following fund types are used by the Department:

Governmental-type Funds – Governmental-type funds are those through which most governmental functions of the Department are financed. The acquisition, use and balances of the Department’s expendable available financial resources and the related liabilities (except those accounted for in enterprise funds) are accounted for through governmental-type funds. Governmental fund types have fund balance reservations, designations and restrictions. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the government fund types:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **Measurement Focus, Basis of Accounting and Financial Statement Presentation – continued**

General Fund - The General Fund is the general operating fund of the Department. It is used to account for the general operations of the Department in carrying out its specific functions. The primary source of revenue for the General Fund is State appropriations. The General Fund exists through the annual budget approval.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Major governmental-type funds in addition to the general fund include:

Capital Buildings Repair Fund – A capital projects fund used to account for repairs, remodeling and equipping of capitol buildings and adjacent lands, and to repair or replace building machinery and building equipment located in the capitol building.

Property Control Reserve – The Property Control Reserve Fund was created for the purpose of providing a reserve account from which the Property Control Division can purchase or construct state office buildings.

Laws of 2006 - A capital projects fund used to account for the acquisition, improvement, alteration or reconstruction of long-term assets.

Business-type Funds – Enterprise funds are used to account for the Department’s ongoing activities where the intent of the State is that the costs and expenses, including depreciation, of providing goods and services to other departments or agencies of the governmental unit or to other unrelated governmental units, on a continuing basis, be financed or recovered primarily through user or customer charges. Pronouncements of the Financial Accounting Standards 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 No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Major enterprise-type funds include:

Public Liability – provides liability insurance for state agencies and their employees and for any local public body participating in the fund and pays claims and judgments under the certificate of coverage.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **Measurement Focus, Basis of Accounting and Financial Statement Presentation – continued**

Workers' Compensation Retention – accounts for the purchase and administration of workers' compensation insurance for employees of state agencies.

Group Insurance Premium Stabilization –accounts for premiums collected under the *Consolidated Omnibus Budget Reconciliation Act (COBRA)* from former employees of the Department who have elected to continue their health insurance coverage with the Department's carrier.

Fiduciary Funds (Agency Funds) – These funds are used to account for assets held by the Department as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

• **Budgetary Data**

Per the General Appropriation Act, Laws of 2007, Chapter 28, Section 3, item N, "For the purpose of administering the General Appropriation Act of 2007 and approving operating budgets, the state of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration." The budget is adopted on the modified accrual basis of accounting, except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget. Encumbrances related to single year appropriations lapse at year end. Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget. The legal level of budgetary control is at the appropriation unit level.

The unexpended State General Fund appropriation to the Department lapses at year end and reverts to the State General Fund. The Department may also receive funding from various special appropriations. The language of a particular special appropriation determines when it lapses and whether or not unexpended balances revert to the State General Fund.

• **Cash Deposits**

The Department is required by statute to deposit any money received into the State Treasury. Balances maintained at the end of the day are pooled and invested by the State Treasurer in repurchase agreements. The State Treasurer issues separate financial statements that disclose the collateral pledged to secure these deposits, categories of risk involved and the market value of purchased investments, which may differ from the cash deposited by the Department. Cash and cash equivalents are defined to include cash on deposit with banks or the State Treasurer.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

• **Inventories**

Inventories are valued at the lower of cost (first-in, first-out method) or market and consist of expendable supplies held for consumption and raw materials used in the printing department.

The Department also maintains an inventory of Federal Surplus Property for resale to other state departments or agencies, local government or not-for-profit organizations. This inventory is not recorded on the financial statements of the Department as it is not considered to be a financial or capital resource.

• **Capital Assets and Depreciation**

Capital assets are stated at cost or estimated cost, and include land, buildings, computer software, property and equipment constructed with Department resources and acquired with State appropriations and government grant funds. They also include certain land and buildings transferred from other departments and agencies of the State of New Mexico under the provisions of the Property Control Act (Section 15-3, NMSA 1978). Capitalized asset additions made through governmental funds are recorded as capital outlay expenditures in the respective funds and recorded in the government-wide financial statements. Items greater than \$5,000 are capitalized.

Capital assets acquired by enterprise funds are reported in those funds at cost or at estimated fair value at the time of donation. Provisions for depreciation are computed using the straight-line method and charged to operations of enterprise funds over the assets' estimated useful lives using the straight-line method. Estimated useful lives are 10 to 40 years for building and improvements; 3 to 6 years for motor vehicles and motorized equipment; and 4 to 20 years for furniture, machinery and equipment.

Capital assets for the governmental activities are recorded on the government-wide financial statements and depreciated over the same estimated useful lives using the straight-line method.

• **Compensated Absences**

A total of 12 days of sick leave per year may be accumulated by each employee. Employees are paid for accumulated sick leave annually, or upon retirement or other termination, but only for accumulated sick leave in excess of 600 hours. Annually, employees may be paid 50% of the excess over 600 hours, up to a maximum of 120 hours. Upon retirement or termination, employees are paid 50% of the excess over 600 hours, up to a maximum of 400 hours. Employees may accrue from 10 days to 20 days of annual leave per year, depending on the years of service. Employees are paid for the accumulated annual leave upon retirement or other termination. A maximum of 30 days of annual leave may be accumulated by each employee.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **Compensated Absences - continued**

Compensated absences liabilities are computed using the regular pay and termination pay rates in effect at the financial statement date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

• **Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made for it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

On fund financial statements, receivables and payables (resulting from short-term interfund loans and as a result of transactions between the funds) are classified as "Due to/from other funds."

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are various charges between the business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

• **Restricted Expendable Net Assets**

GASB Pronouncement Number 46 states that net assets are legally enforceable, meaning that a government can be compelled by an external party (i.e., citizen, public interest group, etc.) to use resources only as created by the legislation.

Restricted expendable net assets are created to either 1) satisfy legal covenants that require 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 restricted net asset accounts are summarized below:

Restricted for insurance/claims – Amounts to be paid in the future on risk management insurance and various other claims.

Restricted for capital projects – Resources that must be used to acquire capital assets. Approximately \$27,600,374 was restricted by enabling legislature at June 30, 2007 for capital projects expenditures.

• **Reservations of Fund Balances**

Reserved for inventories – Portion of fund balance that is not available for expenditures but for inventory balances not yet consumed.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

- **Reservations of Fund Balances - continued**

Reserved for capital projects – Resources that must be used to acquire capital assets.

- **Use of Estimates**

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

2. **CASH (INVESTMENT IN THE STATE TREASURER INVESTMENT POOL)**

State law requires the Department's investments to be managed by the New Mexico State Treasurer's Office.

The fair value of the investments maintained at the New Mexico State Treasurer's Office are as follows at June 30, 2007:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
New Mexico State Treasurer's Office: General Fund Investment Pool	1 day to 3 years	\$ 209,584,304

- **Interest Rate Risk**

The Department does not have an investment policy that limits investment 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 is not rated.

For additional GASB 40 disclosure information related to the above investment pool, the reader should refer to the separate audit report for the State Treasurer's Office.

- **Pledged Collateral (Custodial Credit Risk)**

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.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

2. CASH (INVESTMENT IN THE STATE TREASURER INVESTMENT POOL) – continued

• **Pledged Collateral (Custodial Credit Risk) - continued**

Detail of pledged collateral specific to this agency is unavailable 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.

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES

Amount Due from Governmental Funds			Amount Due from Business-type Funds			Amount Due from Agency Funds		
Fund Name	Fund No.	Amount	Fund Name	Fund No.	Amount	Fund Name	Fund No.	Amount
General Fund	17400	\$ 105,504	Program Support	19700	\$ 35,941	Ins. Carrier Prems.	56100	\$ <u>81,930</u>
Purchasing Div. Fees	28600	104,653	RMD - Operating	35200	251,198			
Procure. Assist. Pgm.	58500	<u>125,392</u>	State Unemploy. Comp.	35300	37,121			
			Surplus Property	36000	65,446			
			Office of Info. Proc.	36200	86,732			
			Transportation Svcs.	36500	284,170			
			Digital Microwave	36600	197,933			
			ISD Office of Commun.	36900	126,775			
			ISD-OIP Human Res.	38500	21,751			
			State Aircraft Bureau	41700	49,394			
			Health Benefits Prem.	75200	245,790			
			State Printing Services	80600	<u>38,689</u>			
Total		\$ <u>335,549</u>	Total		\$ <u>1,440,940</u>	Total		\$ <u>81,930</u>
Total Due From			\$ <u>1,858,419</u>					

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES - continued

Amount Due to Governmental Funds			Amount Due to Business-type Funds		
Fund Name	Fund No.	Amount	Fund Name	Fund No.	Amount
General Fund	17400	\$ 801,091	Program Support	19700	\$ 43,555
Purch. Div. Fees	28600	108,117	RMD-Operating	35200	13,507
Procure. Assist. Program	58500	<u>21,165</u>	Office of Information Proc.	36200	183,927
			Transportation Services	36500	1,947
			ISD Office of Commun.	36900	325,777
			ISD-OIP Human Resources	38500	109,333
			State Aircraft Bureau	41700	<u>250,000</u>
Total		\$ <u>930,373</u>	Total		\$ <u>928,046</u>
Total Due To		\$ <u>1,858,419</u>			
Net Due to (from) Governmental Funds	\$ <u>(594,824)</u>	Net Due to (from) Business-type Funds	\$ 512,894	Payable to Agency Fund	\$ <u>81,930</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES - continued

All interfund transactions are expected to be settled within one year.

Due from and to other funds as of June 30, 2007, are as follows:

Due To Fund	Fund No.	Balance	Due From Fund	Fund No.
General Fund				
General Fund	17400	\$ 105,504	Purchasing Division	28600
Special Revenue Funds:				
Purchasing Division	28600	33,728	General Fund	17400
	28600	<u>70,925</u>	Office of Info. Proc.	36200
Total Special Rev. Funds		<u>104,653</u>		
Enterprise Funds:				
Program Support	19700	2,613	Purchasing Div. Fees	28600
	19700	12,163	RMD – Operating	35200
	19700	<u>21,165</u>	Proc. Assist. Program	58500
		35,941		
RMD – Operating	35200	251,198	General Fund	17400
State Unempl. Comp.	35300	37,121	Program Support	19700
Surplus Property	36000	6,173	Program Support	19700
	36000	<u>59,273</u>	Office of Info. Proc.	36200
		65,446		
Office of Info. Proc.	36200	3,983	ISD Office of Commun.	36900
	36200	<u>82,749</u>	General Fund	17400
		86,732		
Transportation Svcs.	36500	28,287	Office of Info. Proc.	36200
	36500	250,000	State Aircraft Pool	41700
	36500	<u>5,883</u>	General Fund	17400
		284,170		
Digital Microwave	36600	197,933	ISD Office of Commun.	36900
ISD Office of Commun.	36900	15,495	General Fund	17400
	36900	1,947	Transportation Svcs.	36500
	36900	<u>109,333</u>	ISD-OIP Human Res.	38500
		126,775		

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES - continued

Due To Fund	Fund No.	Balance	Due From Fund	Fund No.
Enterprise Funds – cont.:				
ISD-OIP Human Res.	38500	\$ 21,381	Office of Info. Proc.	36200
	38500	<u>370</u>	General Fund	17400
		21,751		
State Aircraft Pool	41700	45,333	ISD Office of Commun.	36900
	41700	<u>4,061</u>	Office of Info. Proc.	36200
		49,394		
Procurement Assistance	58500	47,187	ISD Office of Commun.	36900
	58500	76,600	General Fund	17400
	58500	261	Program Support	19700
	58500	<u>1,344</u>	RMD – Operating	35200
		125,392		
Health Benefits Premium	75200	245,790	General Fund	17400
State Printing Service	80600	31,341	ISD Office of Commun.	36900
	80600	<u>7,348</u>	General Fund	17400
		<u>38,689</u>		
Total Enterprise Funds		<u>1,368,399</u>		
Agency Funds:				
Insurance Carrier Prems.	56100	<u>81,930</u>	State Trans. Pool	36500
Total		\$ <u>1,858,419</u>		

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES - continued

Due From Fund	Fund No.	Balance	Due To Fund	Fund No.
General Fund:				
General Fund	17400	\$ (82,749)	Office of Info. Proc.	36200
	17400	(5,883)	Transp. Services	36500
	17400	(15,495)	ISD Office of Commun.	36900
	17400	(81,930)	Insurance Carrier Prens.	56100
	17400	(245,790)	Health Benefits Prens.	75200
	17400	(7,348)	State Printing Services	80600
	17400	(251,198)	RMD - Operating	35200
	17400	(33,728)	Purchasing Div. Fees	28600
	17400	(370)	ISD-OIP Human Res.	38500
	17400	<u>(76,600)</u>	Procure. Assist. Pgm.	58500
Total General Fund		<u>(801,091)</u>		
Special Revenue Funds:				
Purchasing Division	28600	(105,504)	General Fund	17400
	28600	<u>(2,613)</u>	Program Support	19700
Total Special Rev. Funds		<u>(108,117)</u>		
Enterprise Funds:				
Program Support	19700	(6,173)	Surplus Property	36000
	19700	(261)	Procure. Assist. Pgm.	58500
	19700	<u>(37,121)</u>	State Unempl. Comp.	35300
		(43,555)		
RED - Operating	35200	(12,163)	Program Support	19700
	35200	<u>(1,344)</u>	Procure. Assist. Pgm.	58500
		(13,507)		
Office of Info. Proc.	36200	(70,925)	Purchasing Div. Fees	28600
	36200	(59,273)	Surplus Property	36000
	36200	(28,287)	Transportation Services	36500
	36200	(11,741)	ISD-OIP Human Res.	38500
	36200	(4,061)	State Aircraft Bureau	41700
	36200	<u>(9,640)</u>	ISD-OIP Human Res.	38500
		(183,927)		
ISD Office of Commun.	36900	(45,333)	State Aircraft Bureau	41700
	36900	(42,809)	Procure. Assist. Pgm.	58500
	36900	(31,341)	State Printing Svcs.	80600
	36900	(4,378)	Procure. Assist. Pgm.	58500
	36900	(197,933)	Digital Microwave	36600
	36900	<u>(3,983)</u>	Office of Info. Proc.	36200
		(325,777)		

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES - continued

Due From Fund	Fund No.	Balance	Due To Fund	Fund No.
Enterprise Funds - cont:				
Transportation Services	36500	\$ (1,947)	ISD Office of Commun.	36900
ISD-OIP Human Res.	38500	(109,333)	ISD Office of Commun.	36900
State Aircraft Bureau	41700	(250,000)	Transportation Services	36500
Procurement Assistance	58500	<u>(21,165)</u>	Program Support	19700
Total Enterprise Funds		<u>(949,211)</u>		
Total		\$ <u>(1,858,419)</u>		

Due from and to other agencies as of June 30, 2006, are as follows:

Amount Due from Other Agencies

Agency	Fund No.	Amount	GSD Fund	Fund No.	Amount
NM Higher Education	95000	\$ 910	Office of the Secretary	19700	\$ 910
Dept. of Finance & Admin.	34100	<u>200,000</u>	Capital Program	64100	<u>200,000</u>
Total		\$ <u>200,910</u>	Total		\$ <u>200,910</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

3. INTERFUND AND INTERAGENCY RECEIVABLES AND PAYABLES - continued

Amount Due to Other Agencies				
Agency	SHARE No.	Amount	Fund No.	GSD Fund
5 th Judicial District Attorney	25500	\$ 2,314	35300	RMD Reserves – State Unemployment Compensation
Bernalillo County	50010	72	36200	ISD – Office of Information Processing
1 st Judicial District Attorney	25100	677	36200	ISD – Office of Information Processing
4 th Judicial District Attorney	25400	1,390	36200	ISD – Office of Information Processing
5 th Judicial District Attorney	25500	1,142	36200	ISD – Office of Information Processing
6 th Judicial District Attorney	25600	1,369	36200	ISD – Office of Information Processing
8 th Judicial District Attorney	25800	1,489	36200	ISD – Office of Information Processing
9 th Judicial District Attorney	25900	1,512	36200	ISD – Office of Information Processing
10 th Judicial District Attorney	26000	1,590	36200	ISD – Office of Information Processing
11 th Judicial District Attorney	26100	2,895	36200	ISD – Office of Information Processing
12 th Judicial District Attorney	26200	170	36200	ISD – Office of Information Processing
13 th Judicial District Attorney	26300	1,503	36200	ISD – Office of Information Processing
Office of Secretary of State	37000	24,676	36200	ISD – Office of Information Processing
Aging & Long-Term Care Svc.	62400	63	36200	ISD – Office of Information Processing
Department of Health	66500	4,011,031	36200	ISD – Office of Information Processing
Department of Public Safety	79000	<u>137,800</u>	36900	Office of Communications
		<u>\$ 4,189,693</u>		

The purpose of all interfund and interagency balances is to record the services that the Department provides to other funds and agencies (e.g., information processing, printing, insurance, etc.)

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

4. CAPITAL ASSETS

• **Governmental-type Activities Capital Assets**

A summary of changes in the capital assets recorded in the government-wide financial statements follows:

<u>Governmental-type Activities</u>	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance June 30, 2007</u>
Buildings and improvements	\$ 529,926,376	12,995,599	-	542,921,975
Machinery and equipment	475,153	328,730	-	803,883
Projects in progress	<u>91,453,433</u>	<u>31,997,657</u>	<u>-</u>	<u>123,451,090</u>
Total	621,854,962	45,321,986	-	667,176,948
Accumulated depreciation:				
Buildings and	345,667,137	9,521,079	-	355,188,216
Machinery and equipment	<u>361,557</u>	<u>86,918</u>	<u>-</u>	<u>448,475</u>
Total accumulated depreciation	346,028,694	9,607,997	-	355,636,691
Land	<u>9,996,307</u>	<u>-</u>	<u>-</u>	<u>9,996,307</u>
Net Total	\$ <u>285,822,575</u>	<u>35,713,989</u>	<u>-</u>	<u>321,536,564</u>

Depreciation expense of \$9,607,997 was charged to the Capital Projects function.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

4. CAPITAL ASSETS - continued

• **Business-type Activities Capital Assets**

A summary of changes in business-type activities capital assets follows:

<u>Business-type Activities</u>	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance June 30, 2007</u>
Aircraft	\$ 7,184,355	-	-	7,184,355
Buildings and improvements	7,380,478	2,109,968	(22,855)	9,467,591
Machinery and equipment	<u>101,086,377</u>	<u>8,034,186</u>	<u>(897,256)</u>	<u>108,223,307</u>
Total	115,651,210	10,144,154	(920,111)	124,875,253
Accumulated depreciation:				
Aircraft	1,989,364	951,769	-	2,941,133
Buildings and	1,515,513	400,306	(618)	1,915,201
Machinery and equipment	<u>72,688,380</u>	<u>7,757,102</u>	<u>(850,145)</u>	<u>79,595,337</u>
Total accumulated depreciation	76,193,257	9,109,177	(850,763)	84,451,671
Land	<u>71,944</u>	-	-	<u>71,944</u>
Net Total	\$ <u>39,529,897</u>	<u>1,034,977</u>	<u>(69,348)</u>	<u>40,495,526</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

5. LEASES (Enterprise Funds)

• **Capital Lease Obligations**

The Department is obligated under leases for computer equipment and software that are accounted for as capital leases. Assets under capital leases at June 30, 2007 totaled approximately \$2,830,330, net of accumulated depreciation of \$2,161,795.

The following is a schedule by year of future minimum lease payments under the capital lease at June 30, 2007:

Years ending June 30:	<u>Lease Amounts</u>
2008	\$ 1,305,792
2009	1,034,992
2010	697,115
2011	-
2012 and thereafter	-
	\$ <u>3,037,899</u>

• **Operating Leases**

Lease expenditures/expenses for the year ended June 30, 2007 totaled approximately \$4,010,000. Lease expense for vehicles approximates the revenue earned by the Department for leasing these vehicles to other state agencies. The Department has other lease agreements with related expenses reflected in the individual funds' operating costs. The majority of the Department's leases do not exceed on year in term. Additionally, the Department has required payments for their pro-rata share of utilities and maintenance related to site leases.

The following is a schedule by year of future minimum lease payments for various copiers, sites and leased vehicles at June 30, 2007:

Years ending June 30:	<u>Lease Amounts</u>
2008	\$ 3,940,000
2009	4,100,000
2010	3,950,000
2011	227,691
2012	227,691
2013 – 2017	\$ 227,691
2018 – 2022	-
2023 – 2024	-
	\$ <u>12,673,073</u>

6. INSURANCE CLAIMS PAYABLE (Enterprise Funds)

The State of New Mexico manages its risks internally and sets aside assets for claim settlement through Enterprise Funds within the Risk Management Division of the General Services Department. The Risk Management Division (RMD) services all claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, employee health and accident, and unemployment compensation. The Department has reinsurance for liability and civil rights claims in the amounts of \$1,050,000 each. The Department has a tort claim cap of \$1,050,000. Civil rights claims may exceed this amount and the Department has reinsurance from \$5,000,000 to \$10,000,000. The Department would then be liable for the remaining above \$10,000,000. All funds, agencies and authorities of the State participate in Risk Management. Risk Management allocates the cost of providing claims servicing and claims payment by charging a "premium" to each fund, agency or public authority based on claims history and exposure of each participant. The charge considers recent trends in actual claims experience of the State as a whole, and makes provision for catastrophic losses.

Risk Management fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated annually to take into consideration recent settled claims, the frequency of claims and other economic and social factors.

Insurance claims payable of \$180,515,857 were reported with the Department through June 30, 2007. The amounts of the liabilities are determined by independent actuarial consultants to the Department. The total liability is shown in the accompanying financial statements at the present value of the payments, computed at 2.60% annual rate (except for long-term disability liability, which is computed at 4.75% annual rate) between June 30, 2007 and the date the claims are ultimately expected to be paid.

Insurance claims payable presented are actuarial computed estimates of the costs of administering, defending and settling claims for events that had occurred as of the year end. Since these estimates are based on historical information and various statistical measures, actual amounts paid may vary significantly from the amount estimated by the fund actuaries and reported herein.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

6. INSURANCE CLAIMS PAYABLE (Enterprise Funds) - continued

The basis of estimating the liabilities for unpaid claims is found in the independent actuarial report. The following shows the reconciliation of changes in the unpaid claims in the Risk Management Funds, which are stated at present value:

<u>Fund</u>	<u>Balance June 30, 2006</u>	<u>Incurred (Net of Actuarial Provision)</u>	<u>Payments</u>	<u>Balance June 30, 2007</u>
Surety Bond	\$ 153,671	4,809	15,932	142,548
Public Property Reserve	1,419,613	4,273,356	3,582,477	2,110,492
Workers' Compensation	21,416,966	13,360,193	7,509,144	27,268,015
Public Liability	115,721,604	18,558,802	26,419,037	107,861,369
State Unemployment	4,162,686	3,644,063	3,390,261	4,416,488
Local Public Body	924,116	600,000	574,571	949,545
Group Insurance Premium	<u>22,722,702</u>	<u>221,257,335</u>	<u>206,212,637</u>	<u>37,767,400</u>
Net Total	\$ <u>166,521,358</u>	<u>261,698,558</u>	<u>247,704,059</u>	<u>180,515,857</u>

<u>Fund</u>	<u>Balance June 30, 2005</u>	<u>Incurred (Net of Actuarial Provision)</u>	<u>Payments</u>	<u>Balance June 30, 2006</u>
Surety Bond	\$ 210,396	15,736	72,461	153,671
Public Property Reserve	3,194,059	1,156,161	2,930,607	1,419,613
Workers' Compensation	19,040,492	14,432,862	12,056,388	21,416,966
Public Liability	130,414,245	15,926,959	30,619,600	115,721,604
State Unemployment	4,311,110	2,351,576	2,500,000	4,162,686
Local Public Body	922,576	301,540	300,000	924,116
Group Insurance Premium	<u>29,349,285</u>	<u>205,538,386</u>	<u>212,164,969</u>	<u>22,722,702</u>
Net Total	\$ <u>187,442,163</u>	<u>239,723,220</u>	<u>260,644,025</u>	<u>166,521,358</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

7. COMPENSATED ABSENCES

The compensated absence liability of the governmental funds has typically been liquidated by the general fund in prior years. The changes in accrued compensated absences for governmental activities are as follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Amounts Due</u> <u>Within One Year</u>
\$	<u>264,494</u>	<u>187,701</u>	<u>(142,378)</u>	<u>309,817</u>	<u>170,399</u>

The changes in accrued compensated absences for business-type activities are as follows:

	<u>Balance</u> <u>June 30, 2006</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Amounts Due</u> <u>Within One Year</u>
\$	<u>730,313</u>	<u>605,361</u>	<u>(374,192)</u>	<u>961,482</u>	<u>556,182</u>

8. JOINT POWERS AGREEMENTS

The General Services Department Risk Management Division provides legal representation of New Mexico Corrections Department (NMCD) employees by NMCD's Office of General Counsel in those pro se cases for which NMCD employers are provided by the Department's Risk Management Division pursuant to the NM Tort Claims Act. The term is from July 1, 2000 to June 30, 2007, and is funded with \$804,629 in other state funds. The Department will pay any settlements authorized and any judgments resulting from trials. The Department made payments to NMCD during 2007 totaling \$226,321.

Participants	Responsible Party	Description	Term	Total Amount	Current Year Amount	Books Recorded
NMCD/GSD	GSD	See above	July 2000 – June 2007	804,629	226,321	GSD

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

9. SPECIAL APPROPRIATIONS

The General Services Department received the following special appropriations for fiscal year 2007:

	<u>Original Appropriation</u>	<u>End Date</u>	<u>Amount Received</u>	<u>Expenditures</u>	<u>Outstanding</u>	<u>Remaining</u>
Laws of 2004, Chapter 114, Section 8, Subsection 11, Telecommunications Backbone	\$ 2,000,000	6/30/2007	1,657,344	1,655,999	-	344,001
Laws of 2005, Chapter 33, Section 4, Communication Services	\$ 500,000	6/30/2007	497,100	479,100	-	20,900
Laws of 2006, HB 885, Chapter 347	\$ 5,000,000	6/30/2010	-	-	-	5,000,000
Laws of 2006, Chapter 109, Section 15, Hybrid Vehicles	\$ 3,000,000	6/30/2007	1,335,123	1,335,123	-	1,664,877

10. OPERATING TRANSFERS

Transfers between funds for the year ended June 30, 2007 are as follows:

		Transfers Out					
		Governmental Funds					
		12500	28500	28600	30600	17400	19700
		Capital Projects Admin Cost	DOH Facilities Tobacco Tax	Purchasing Division Fees	Capital Projects Laws of 2003	General Fund	Program Support
Transfers In:							
Governmental Funds:							
12500	Capital Projects Admin Cost	\$ -	13,157	-	71,248	-	-
17400	General Fund	-	-	-	-	-	-
		-	13,157	-	71,248	-	-
Enterprise Funds:							
36200	Office of Information Proc.	-	-	-	-	74,300	44,200
35200	Risk Management Operating	-	-	-	-	-	-
21500	Employee Assistance Program	-	-	-	-	-	-
19700	Program Support	196,000	-	11,100	-	150,800	-
		<u>\$ 196,000</u>	<u>13,157</u>	<u>11,100</u>	<u>71,248</u>	<u>225,100</u>	<u>44,200</u>
Net Transfers (In) Out		<u>111,595</u>	<u>13,157</u>	<u>11,100</u>	<u>71,248</u>	<u>189,000</u>	<u>(3,824,200)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

Transfers Out

Enterprise Funds							
35200	35300	35400	35600	35700	35800	35900	36200
Risk Management Operating	State Unemployment Comp.	Risk Management LPB Unemploy.	Risk Management - Public Property Res.	Risk Management - Public Liability	Risk Management Surety Bond	Risk Management Workers Comp.	Office of Information Processing
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	36,100
-	-	-	-	-	-	-	36,100
54,500	-	-	-	-	-	-	-
-	13,300	13,300	123,100	2,530,500	13,300	1,221,200	-
-	-	-	-	-	-	-	-
<u>176,200</u>	<u>33,700</u>	<u>33,700</u>	<u>33,700</u>	<u>500,600</u>	<u>17,600</u>	<u>650,500</u>	<u>522,000</u>
<u>230,700</u>	<u>47,000</u>	<u>47,000</u>	<u>156,800</u>	<u>3,031,100</u>	<u>30,900</u>	<u>1,871,700</u>	<u>558,100</u>
<u>(4,133,600)</u>	<u>47,000</u>	<u>47,000</u>	<u>156,800</u>	<u>3,031,100</u>	<u>30,900</u>	<u>1,871,700</u>	<u>294,200</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

10. OPERATING TRANSFERS - continued

		Transfers Out					
		36500	36900	38500	75200	80600	
		State Transportation Pool	Office of Communications	Human Resources System	Health Ben. Premium & Rate Stabilization	State Printing Services	Total
Transfers In:							
Governmental Funds:							
12500	Capital Projects Admin Cost	-	-	-	-	-	84,405
17400	General Fund	-	-	-	-	-	36,100
							120,505
Enterprise Funds:							
36200	Office of Information Proc.	\$ 30,300	-	31,200	-	29,400	263,900
35200	Risk Management Operating	-	-	-	449,600	-	4,364,300
21500	Employee Assistance Program	-	-	-	-	-	-
19700	Program Support	238,400	739,300	86,400	432,300	46,100	3,868,400
		<u>\$ 268,700</u>	<u>739,300</u>	<u>117,600</u>	<u>881,900</u>	<u>75,500</u>	<u>8,617,105</u>
	Net Transfers (In) Out	<u>\$ 268,700</u>	<u>739,300</u>	<u>117,600</u>	<u>881,900</u>	<u>75,500</u>	<u>-</u>

10. OPERATING TRANSFERS - continued

Transfers from (to) other state agencies for the year ended June 30, 2007 are as follows:

State Agency	Agency Fund Number	Governmental Funds				
		64100 Laws of 2006	36400 Laws of 2004	24900 Laws of 2002	17400 General Fund	58500 Procurement Assistance
Dept. of Finance & Administration	34100	\$ 2,500,000	-	-	-	-
NM Energy, Minerals & Nat. Resources	52100	-	-	-	-	-
Department of Cultural Affairs	50500	-	-	-	-	-
NM Children, Youth & Families	69000	-	-	-	-	-
NM Corrections Department	77000	-	-	-	-	-
Gaming Control Board	46500	-	-	-	-	-
Regulation & Licensing Dept.	42000	-	-	-	-	-
Taxation & Revenue Dept.	33300	-	-	-	-	-
State Engineer	55000	-	-	-	-	-
State Land Office	53900	-	-	-	-	-
Judicial District Court	23100-23400	-	-	-	-	-
Metropolitan Court	24400	-	-	-	-	-
District Attorney's Office	25200	-	-	-	-	-
Attorney General	30500	-	-	-	-	-
Various State Agencies		7,213,422	2,195,303	3,588,320	-	-
New Mexico Department of Workforce Solutions	63100	-	-	-	252,000	11,900
		<u>\$ 9,713,422</u>	<u>2,195,303</u>	<u>3,588,320</u>	<u>252,000</u>	<u>11,900</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

78500 Property Control Reserve	Governmental Funds Subtotal	Enterprise Funds				Enterprise Funds Subtotal	Total
		21500 Employee Assistance Program	36900 Office of Communications	36600 Digital Microwave	41700 State Aircraft Bureau		
-	2,500,000	2,839	6,800,000	-	-	6,802,839	9,302,839
-	-	9,137	-	-	-	9,137	9,137
-	-	20,222	-	-	-	20,222	20,222
-	-	36,781	-	-	-	36,781	36,781
-	-	44,119	-	-	-	44,119	44,119
-	-	1,100	-	-	-	1,100	1,100
-	-	5,588	-	-	-	5,588	5,588
-	-	20,110	-	-	-	20,110	20,110
-	-	5,918	-	-	-	5,918	5,918
-	-	2,771	-	-	-	2,771	2,771
-	-	10,504	-	-	-	10,504	10,504
-	-	5,918	-	-	-	5,918	5,918
-	-	4,828	-	-	-	4,828	4,828
-	-	3,057	-	-	-	3,057	3,057
23,602,317	36,599,362	-	-	7,214,383	-	7,214,383	43,813,745
-	263,900	13,616	-	-	1,900	15,516	279,416
<u>23,602,317</u>	<u>39,363,262</u>	<u>186,508</u>	<u>6,800,000</u>	<u>7,214,383</u>	<u>1,900</u>	<u>14,202,791</u>	<u>53,566,053</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

11. REVERSIONS

The Department provided a liability for reversions listed in the operating statements for fiscal years as follows:

		Year of Appropriation		
76600	Laws of 2000	2000	\$	6,577
58500	Procurement Assistance	2007		117,518
17400	General Fund	2007		<u>335,390</u>
	Total		\$	<u>459,485</u>

The reversions payable in the General Fund were obtained by calculating ending fund balances for all single year appropriations.

The reversion payable for the Procurement Assistance Fund consists of \$73,267 for prior years' reversions.

12. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

• **Plan Description**

Substantially all of the Department's full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. 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**

Plan members are required to contribute 7.42% of their gross salary. The Department is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Department are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the years ending June 30, 2007, 2006 and 2005 were \$4,446,211, \$4,145,399 and \$2,975,097, respectively, which equal the amount of the required contribution for each fiscal year.

13. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

• **Plan Description**

The Department contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment 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.

13. **POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN - continued**

• **Plan Description - continued**

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

The Department's contributions to the RHCA for the years ended June 30, 2007, 2006 and 2005 were \$238,700, \$215,830 and \$230,831, respectively, which equal the required contributions for each year.

14. **COMMITMENTS AND CONTINGENCIES**

• **Litigation**

The Department has been named as defendant in several lawsuits or complaints. Neither the final outcome nor the amount of potential loss from these cases is presently determinable. However, management estimates that the potential loss to the Department, if any, is not likely to be material to the Department's financial statements.

In addition, the Risk Management Division is named as defendant in several lawsuits or complaints. The cases outstanding at June 30, 2007, have been included in the actuary's determination of "claims payable."

• **Risk Management**

The Department is exposed to various risks of loss for which the Department carries insurance with the State of New Mexico Risk Management Division (an enterprise fund within the Department). Coverage is provided for the following:

Workers' Compensation	General Liability
Civil Rights and Foreign Jurisdiction	Automobile
Aircraft	Property
Money and Securities	Employee Fidelity Bond
Health/Life	Short-term and Long-term Disability
Law Enforcement	Medical Malpractice

• **New Mexico Finance Authority Issuance of Bonds**

With Chapters 199 and 166, Senate Bills 214 and 182, of the Laws of 2001, the Legislature approved the New Mexico Finance Authority to issue and sell revenue bonds for acquiring state office buildings. The net proceeds from the state office building tax revenue bonds will be appropriated to the Property Control Division of the Department. The total may not exceed \$75,000,000.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

15. RESTATEMENTS

Governmental Activities

To reverse invalid reversion from fiscal year 2006 for the General Fund (Fund 17400) (the effect on the fund balance for the prior year would have been to increase the fund balance by \$1,149,112) \$ 1,149,112

Enterprise Funds

To record accounts payable payment for fiscal year 2006 for Office of Communication (Fund 369) that was paid out of the wrong fund in the prior year (the effect on the net assets for the prior year would have been to decrease the net assets by \$197,933) \$ (197,933)

To reverse accounts payable payment for fiscal year 2006 for Digital Microwave (Fund 36600) that belonged to another fund (the effect on the net assets for the prior year would have been to increase the net assets by \$197,933) 197,933

Total \$ -

16. GASB 45

The Department will implement GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions*, in fiscal year 2008. The impact of the new standard is unknown.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Notes to Financial Statements - continued

17. BUDGET VIOLATIONS

The Department did not maintain compliance with five fund's budgeted amounts. The Department had a total final budget variance within the following funds:

<u>Fund</u>	<u>Final Budget Expenditure Variance</u>
Tobacco Tax: DOH Facilities	\$(1,240,319)
2005 Appropriations	\$(4,279,565)
Human Resources System	\$ (230,698)
Risk Management Operations	\$ (75,711)
Surety Bond	\$ (185,416)
Worker's Compensation Retention	\$(6,250,286)

18. FUND BALANCE/NET ASSET DEFICITS

The following funds had fund balance/net asset deficits at June 30, 2007:

Government Funds:	
30600 Laws of 2003	\$ (95,072)
76600 Laws of 2000	\$ (50,020)
35500 Laws of 1999	\$ (9,367)
 Enterprise Funds:	
35700 Public Liability	\$(50,837,887)
35900 Worker's Compensation Retention	\$(28,330,771)
75200 Group Insurance Premium Stabilization	\$(11,460,184)
35300 State Unemployment Compensation	\$ (2,150,803)
35400 LPB Unemployment Compensation	\$ (209,286)

SUPPLEMENTARY INFORMATION

MAJOR AND NON-MAJOR FUNDS

GENERAL FUND:

The General Fund (Fund 17400) is used to account for all resources traditionally associated with governments that are not required to be accounted for in another fund. The General Fund includes the following:

- **Purchasing Division**
- **Property Control Division**
- **Building Services Division**

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Balance Sheet - By Fund Type -
Non-Major Governmental Funds**

AS OF JUNE 30, 2007

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS:			
State General Fund Investment Pool at the State Treasurer's Office	\$ 5,449,358	21,113,446	26,562,804
Receivables:	-	-	-
Severance tax bonds receivable	-	-	-
Interest receivable	-	3,301	3,301
Accounts/trade receivables	-	-	-
Due from other funds	230,045	-	230,045
Due from other agencies	-	-	-
Other Assets	-	-	-
Inventories	-	-	-
TOTAL ASSETS	\$ <u>5,679,403</u>	<u>21,116,747</u>	<u>26,796,150</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Bank overdraft	\$ -	91,231	91,231
Claims payable	-	-	-
Accounts payable	21,520	436,684	458,204
Deferred revenue	-	11,381,647	11,381,647
Accrued expenses	1,431	-	1,431
Due to other funds	129,282	-	129,282
Due to State General Fund	197,362	-	197,362
Due to other agencies	-	-	-
TOTAL LIABILITIES	349,595	11,909,562	12,259,157
FUND BALANCE (DEFICIT):			
Reserved for encumbrances	-	-	-
Reserved for capital projects	-	9,207,185	9,207,185
Unreserved	<u>5,329,808</u>	-	<u>5,329,808</u>
TOTAL FUND BALANCES	<u>5,329,808</u>	<u>9,207,185</u>	<u>14,536,993</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>5,679,403</u>	<u>21,116,747</u>	<u>26,796,150</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type -
Non-Major Governmental Funds**

AS OF JUNE 30, 2007

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES:			
Service fees/premiums	\$ 532,160	4,279,565	4,811,725
Federal funds	-	-	-
Interest income	-	-	-
Capital projects appropriations	-	-	-
Severance tax bond proceeds	-	3,202,006	3,202,006
TOTAL REVENUES	532,160	7,481,571	8,013,731
EXPENDITURES:			
Current:			
Personnel services	-	-	-
Employee benefits	-	-	-
In-state travel	-	-	-
Out-of-state travel	-	-	-
Maintenance and repairs	-	-	-
Supplies	-	-	-
Contractual services	-	-	-
Operating costs	-	-	-
Other costs	392,439	-	392,439
Capital outlay	-	12,756,246	12,756,246
TOTAL EXPENDITURES	392,439	12,756,246	13,148,685
DEFICIENCY OF REVENUES OVER EXPENDITURES	139,721	(5,274,675)	(5,134,954)

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances - By Fund Type -
Non-Major Governmental Funds - continued**

AS OF JUNE 30, 2007

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
OTHER FINANCING SOURCES (USES):			
Intra-agency transfer	(122,695)	(84,405)	(207,100)
Transfers:			
General appropriations	167,700	-	167,700
Reversions to State General Fund	(117,518)	(6,577)	(124,095)
Other state agency transfers	<u>11,900</u>	<u>5,783,623</u>	<u>5,795,523</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(60,613)</u>	<u>5,692,641</u>	<u>5,632,028</u>
NET CHANGE IN FUND BALANCES	79,108	417,966	497,074
BEGINNING FUND BALANCES	5,250,700	8,789,219	14,039,919
RESTATEMENT	<u>-</u>	<u>-</u>	<u>-</u>
BEGINNING FUND BALANCES, as restated	<u>5,250,700</u>	<u>8,789,219</u>	<u>14,039,919</u>
ENDING FUND BALANCES	\$ <u>5,329,808</u>	<u>9,207,185</u>	<u>14,536,993</u>

MAJOR AND NON-MAJOR FUNDS - continued

SPECIAL REVENUE FUNDS:

- **Administrative Costs Fund**

The Administrative Costs Fund (Fund 12500, non-reverting FY04, Section 15-33-10 NMSA 1978) was created by the Laws of 2001, Chapter 319, for the purpose of accounting for Capital Projects overhead expenses. Transfers are made from Capital Projects to cover administrative costs of each project as expenses are incurred.

- **Purchasing Division Fees Fund**

The Purchasing Division Fees Fund (Fund 28600, non-reverting) was created by the Laws of 1984, Chapter 65 (13-1-104, NMSA 1978) for the purpose of accounting for the collection and expenditure of registration fees for qualified vendors submitting bids to provide the State of New Mexico with tangible items of personal property, construction or services. Fees collected are expended for the actual, direct cost of furnishing copies of a public notice or invitation for bids to the prospective bidders.

- **Public Buildings Repair Fund**

The Public Buildings Repair Fund (Fund 28700, non-reverting, Section 15-33-18 NMSA) was created by the Laws of 1996, Chapter 46, House bill 349 for the purpose of expenditure related to necessary repair, renovation and purchase of physical plant equipment for public buildings owned by the state and under the control of the Property Control Division. The fund shall consist of appropriations, building use fees, gifts, grants, donations and bequests.

- **Procurement Assistance Program Fund**

The Procurement Assistance Program Fund (Fund 58500, reverting and non-reverting, 13-1-185 NMSA 1978) was established as a separate fund in fiscal year 1999. The purpose of separating this activity from the General Fund activities of the State Purchasing Division is to simplify accounting and reporting for its revenues, which include both vendor fees and a federal grant.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Balance Sheet -
Non-Major Special Revenue Funds

AS OF JUNE 30, 2007

	12500	28600	28700	58500	
	Administrative	Purchasing	Public	Procurement	Total
	Costs	Division	Buildings	Assistance	
	-	Fees	Repair	-	-
ASSETS:					
State General Fund Investment Pool at the State Treasurer's Office	\$ 274,453	381,886	4,683,885	109,134	5,449,358
Receivables:					
Interest receivable	-	-	-	-	-
Accounts/trade receivables	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-
Due from other funds	-	104,653	-	125,392	230,045
Due from other agencies	-	-	-	-	-
Other assets	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 274,453	486,539	4,683,885	234,526	5,679,403
LIABILITIES:					
Bank overdraft	\$ -	-	-	-	-
Claims payable	-	-	-	-	-
Accounts payable	1,111	10,391	1,433	8,585	21,520
Deferred revenue	-	-	-	-	-
Accrued expenses	-	-	-	1,431	1,431
Due to other funds	-	108,117	-	21,165	129,282
Due to State General Fund	-	-	-	197,362	197,362
Due to other agencies	-	-	-	-	-
TOTAL LIABILITIES	1,111	118,508	1,433	228,543	349,595
FUND BALANCES:					
Reserved for:					
Inventories	-	-	-	-	-
Encumbrances	-	-	-	-	-
Capital projects	-	-	-	-	-
Subsequent years' expenditures	-	-	-	-	-
Unreserved	273,342	368,031	4,682,452	5,983	5,329,808
TOTAL FUND BALANCES	273,342	368,031	4,682,452	5,983	5,329,808
TOTAL LIABILITIES AND FUND BALANCES	\$ 274,453	486,539	4,683,885	234,526	5,679,403

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Non-Major Special Revenue Funds**

AS OF JUNE 30, 2007

	12500 Administrative Costs	28600 Purchasing Division Fees	28700 Public Buildings Repair	58500 Procurement Assistance	Total
REVENUES:					
Service fees/premiums	\$ 219,277	245,487	67,396	-	532,160
Federal funds	-	-	-	-	-
Interest income	-	-	-	-	-
Capital projects appropriations	-	-	-	-	-
Severance tax bond proceeds	-	-	-	-	-
TOTAL REVENUES	<u>219,277</u>	<u>245,487</u>	<u>67,396</u>	<u>-</u>	<u>532,160</u>
EXPENDITURES:					
Current expenditures:					
Personnel services	-	-	-	-	-
Employee benefits	-	-	-	-	-
In-state travel	-	-	-	-	-
Out-of-state travel	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Supplies	-	-	-	-	-
Contractual services	-	-	-	-	-
Operating costs	-	-	-	-	-
Other costs	75,415	257,625	3,300	56,099	392,439
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>75,415</u>	<u>257,625</u>	<u>3,300</u>	<u>56,099</u>	<u>392,439</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	143,862	(12,138)	64,096	(56,099)	139,721
OTHER FINANCING SOURCES (USES):					
Intra-agency transfer	(111,595)	(11,100)	-	-	(122,695)
Transfers:					
General and special appropriations	-	-	-	167,700	167,700
Reversions to State General Fund	-	-	-	(117,518)	(117,518)
Other state agency transfers	-	-	-	11,900	11,900
NET OTHER FINANCING (USES) SOURCES	<u>(111,595)</u>	<u>(11,100)</u>	<u>-</u>	<u>62,082</u>	<u>(60,613)</u>
NET CHANGE IN FUND BALANCES	32,267	(23,238)	64,096	5,983	79,108
BEGINNING FUND BALANCES	241,075	391,269	4,618,356	-	5,250,700
RESTATEMENT	-	-	-	-	-
ENDING FUND BALANCES, as restated	<u>241,075</u>	<u>391,269</u>	<u>4,618,356</u>	<u>-</u>	<u>5,250,700</u>
ENDING FUND BALANCES	\$ <u>273,342</u>	<u>368,031</u>	<u>4,682,452</u>	<u>5,983</u>	<u>5,329,808</u>

MAJOR AND NON-MAJOR FUNDS - continued

CAPITAL PROJECTS FUNDS:

- **Capitol Buildings Repair Fund – Major Fund**

The Capitol Buildings Repair Fund (Fund 86300) was created by the Laws of 2001, Chapter 19, Section 17, to account for repairs, remodeling and equipping of capitol buildings and adjacent lands and to repair or replace building machinery and building equipment located in capitol buildings. Financing is provided through transfers from the State Land Office and the State Investment Council of all income, including earnings on investments, derived from lands granted to the State by the U.S. Congress for legislative, executive and judicial public buildings.

- **Property Control Reserve Fund**

The Property Control Reserve Fund (Fund 78500) was created by the Laws of 1998, Chapter 58 (15-3-24.2, NMSA 1978) for the purpose of providing a reserve account from which the Property Control Division can purchase or construct state office buildings. Such buildings are to be purchased or built to alleviate the State's reliance on leased offices in Santa Fe, New Mexico. Fund revenues consist mainly of proceeds from the sale of property under the division's control. Expenditures are subject to legislative appropriations and balances are non-reverting.

- **Capital Improvement Funds (Various)**

The Capital Improvement Funds are used to account for the acquisition, improvement, alteration or reconstruction of long-term assets, including land, buildings, machinery, furniture and equipment. The Capital Improvement Funds are appropriated to the Property Control Division for capital out projects specified by the Legislature in accordance with State statutes. The primary sources of financing for Capital Projects and Capital Improvement Funds are provided through State General Fund appropriations, severance tax bond proceeds and general obligation bond proceeds.

The Capital Improvement Funds include the following:

97000	2005 Appropriations
36400	2004 Appropriations (Major Fund)
30600	2003 Appropriations
28500	2004 Tobacco Tax: DOH Facilities
24900	2002 Appropriations
09100	2001 Projects
76600	2000 Appropriations
35500	1999 Appropriations
37800	1996 Appropriations
72300	1994 Appropriations

AS OF JUNE 30, 2007

	36400	28500	97000	30600	24900
	Laws of	Tobacco	Laws of	Laws of	Laws of
	2004	Tax: DOH	2005	2003	2002
	<u>2004</u>	<u>Facilities</u>	<u>2005</u>	<u>2003</u>	<u>2002</u>
ASSETS:					
State General Fund Investment Pool at the State Treasurer's Office	\$ 8,985,784	7,907,723	1,938,350	-	2,173,186
Receivables:					
Interest receivable	-	-	-	-	-
Accounts/trade receivables	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-
Due from (to) other funds	-	-	-	-	-
Due from other agencies	-	-	-	-	-
Other assets	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ <u>8,985,784</u>	<u>7,907,723</u>	<u>1,938,350</u>	<u>-</u>	<u>2,173,186</u>
LIABILITIES:					
Bank overdraft	\$ -	-	-	78,341	-
Claims Payable	-	-	-	-	-
Accounts payable	26,344	23,993	170,926	16,731	198,001
Deferred revenue	8,959,440	-	1,767,424	-	497,271
Accrued expenses	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Due to other agencies	-	-	-	-	-
TOTAL LIABILITIES	<u>8,985,784</u>	<u>23,993</u>	<u>1,938,350</u>	<u>95,072</u>	<u>695,272</u>
FUND BALANCES:					
Reserved for:					
Capital projects	-	7,883,730	-	(95,072)	1,477,914
TOTAL FUND BALANCES	<u>-</u>	<u>7,883,730</u>	<u>-</u>	<u>(95,072)</u>	<u>1,477,914</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>8,985,784</u>	<u>7,907,723</u>	<u>1,938,350</u>	<u>-</u>	<u>2,173,186</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Balance Sheet -
Non-Major Capital Projects Funds

09100	76600	35500	37800	72300	Total
Laws of 2001	Laws of 2000	Laws of 1999	Laws of 1996	Laws of 1994	
108,403	-	-	-	-	21,113,446
-	-	-	-	-	-
-	-	3,301	-	-	3,301
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>108,403</u>	<u>-</u>	<u>3,301</u>	<u>-</u>	<u>-</u>	<u>21,116,747</u>
-	222	12,668	-	-	91,231
-	-	-	-	-	-
-	689	-	-	-	436,684
108,403	49,109	-	-	-	11,381,647
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>108,403</u>	<u>50,020</u>	<u>12,668</u>	<u>-</u>	<u>-</u>	<u>11,909,562</u>
-	(50,020)	(9,367)	-	-	9,207,185
-	(50,020)	(9,367)	-	-	9,207,185
<u>108,403</u>	<u>-</u>	<u>3,301</u>	<u>-</u>	<u>-</u>	<u>21,116,747</u>

AS OF JUNE 30, 2007

	36400	28500 Tobacco Tax: DOH Facilities	97000	30600	24900
	Laws of 2004		Laws of 2005	Laws of 2003	Laws of 2002
REVENUES:					
Service fees/premiums	\$ -	-	4,279,565	-	-
Federal funds	-	-	-	-	-
Interest income	-	-	-	-	-
Capital project appropriations	-	-	-	-	-
Severance tax bond proceeds	-	887,673	-	811,196	1,477,913
TOTAL REVENUES	<u>-</u>	<u>887,673</u>	<u>4,279,565</u>	<u>811,196</u>	<u>1,477,913</u>
EXPENDITURES:					
Current:					
Personnel services	-	-	-	-	-
Employee benefits	-	-	-	-	-
In-state travel	-	-	-	-	-
Out-of-state travel	-	-	-	-	-
Maintenance & repairs	-	-	-	-	-
Supplies	-	-	-	-	-
Contractual services	-	-	-	-	-
Operating costs	-	-	-	-	-
Other costs	-	-	-	-	-
Capital outlay	2,195,303	1,843,525	4,279,565	814,942	3,588,320
TOTAL EXPENDITURES	<u>2,195,303</u>	<u>1,843,525</u>	<u>4,279,565</u>	<u>814,942</u>	<u>3,588,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,195,303)	(955,852)	-	(3,746)	(2,110,407)
OTHER FINANCING SOURCES (USES):					
General appropriations	-	-	-	-	-
Transfers:					
Intra-agency transfers	-	(13,157)	-	(71,248)	-
Reversions to State General Fund	-	-	-	-	-
Other State agency transfers	2,195,303	-	-	-	3,588,320
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,195,303</u>	<u>(13,157)</u>	<u>-</u>	<u>(71,248)</u>	<u>3,588,320</u>
NET CHANGE IN FUND BALANCES	-	(969,009)	-	(74,994)	1,477,913
BEGINNING FUND BALANCES	-	8,852,739	-	(20,078)	1
RESTATEMENT	-	-	-	-	-
BEGINNING FUND BALANCES, as restated	<u>-</u>	<u>8,852,739</u>	<u>-</u>	<u>(20,078)</u>	<u>1</u>
ENDING FUND BALANCES	\$ <u>-</u>	<u>7,883,730</u>	<u>-</u>	<u>(95,072)</u>	<u>1,477,914</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Non-Major Capital Projects Funds

09100	76600	35500	37800	72300	Total
Laws of 2001	Laws of 2000	Laws of 1999	Laws of 1996	Laws of 1994	
-	-	-	-	-	4,279,565
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	25,224	-	-	3,202,006
-	-	25,224	-	-	7,481,571
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	34,591	-	-	12,756,246
-	-	34,591	-	-	12,756,246
-	-	(9,367)	-	-	(5,274,675)
-	-	-	-	-	-
-	-	-	-	-	(84,405)
-	(6,577)	-	-	-	(6,577)
-	-	-	-	-	5,783,623
-	(6,577)	-	-	-	5,692,641
-	(6,577)	(9,367)	-	-	417,966
-	(43,443)	-	-	-	8,789,219
-	-	-	-	-	-
-	(43,443)	-	-	-	8,789,219
-	(50,020)	(9,367)	-	-	9,207,185

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)**

YEAR ENDED JUNE 30, 2007

	PROPERTY CONTROL RESERVE			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	11,214	11,214
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	154,021	154,021
Other revenues	-	-	-	-
Other financing sources	<u>25,800,000</u>	<u>25,800,000</u>	<u>23,602,317</u>	<u>(2,197,683)</u>
Total revenue	25,800,000	25,800,000	<u>23,767,552</u>	<u>(2,032,448)</u>
Cash balance	<u>1,615,456</u>	<u>1,615,456</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>27,415,456</u>	<u>27,415,456</u>		
EXPENDITURES - current:				
Personnel services	\$ -	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	86,159	86,159	-	86,159
Other costs	1,514,416	1,514,416	-	1,514,416
Bad debt	-	-	-	-
Capital outlay	25,800,000	25,800,000	24,515,171	1,284,829
Other uses	<u>14,881</u>	<u>14,881</u>	<u>-</u>	<u>14,881</u>
TOTAL EXPENDITURES	\$ <u>27,415,456</u>	<u>27,415,456</u>	<u>24,515,171</u>	<u>2,900,285</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

	2002 APPROPRIATIONS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	20,579,506	1,477,913	(19,101,593)
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	-	-	-	-
Total revenue	-	20,579,506	<u>1,477,913</u>	<u>(19,101,593)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ -	<u>20,579,506</u>		
EXPENDITURES - current:				
Personnel services	\$ -	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	512,500	-	512,500
Other costs	-	-	-	-
Bad debt	-	-	-	-
Capital outlay	-	19,786,656	3,588,320	16,198,336
Other uses	-	280,350	-	280,350
	-	-	-	-
TOTAL EXPENDITURES	\$ -	<u>20,579,506</u>	<u>3,588,320</u>	<u>16,991,186</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

	2003 APPROPRIATIONS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	14,196,922	811,196	(13,385,726)
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	-	-	-	-
Total revenue	-	14,196,922	<u>811,196</u>	<u>(13,385,726)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ -	<u>14,196,922</u>		
EXPENDITURES - current:				
Personnel services	\$ -	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Bad debt	-	-	-	-
Capital outlay	-	13,934,377	814,942	13,119,435
Other uses	-	262,545	71,248	191,297
	-	-	-	-
TOTAL EXPENDITURES	\$ -	<u>14,196,922</u>	<u>886,190</u>	<u>13,310,732</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Special Revenue Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

CAPITAL BUILDING REPAIR FUND

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	1,242,093	1,242,093
Land rental	-	-	-	-
Severance tax bond proceeds	-	7,720,360	-	(7,720,360)
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	849,661	849,661
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
 Total revenue	 -	 7,720,360	 <u>2,091,754</u>	 <u>(5,628,606)</u>
 Cash balance	 -	 <u>8,047,311</u>		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ -	 <u>15,767,671</u>		
 EXPENDITURES - current:				
Personnel services	\$ -	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Bad debt	-	-	-	-
Capital outlay	-	15,643,961	837,147	14,806,814
Other uses	-	123,710	-	123,710
 TOTAL EXPENDITURES	 \$ -	 <u>15,767,671</u>	 <u>837,147</u>	 <u>14,930,524</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

TOBACCO TAX: DOH FACILITIES

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	887,673	887,673
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	-	-	<u>887,673</u>	<u>887,673</u>
Cash balance	<u>616,363</u>	<u>616,363</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>616,363</u>	<u>616,363</u>		
EXPENDITURES - current:				
Personnel services	\$ -	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	-
Other costs	603,206	603,206	1,843,525	(1,240,319)
Bad debt	-	-	-	-
Capital outlay	-	-	-	-
Other uses	<u>13,157</u>	<u>13,157</u>	<u>13,157</u>	-
TOTAL EXPENDITURES	\$ <u>616,363</u>	<u>616,363</u>	<u>1,856,682</u>	<u>(1,240,319)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Special Revenue Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

	ADMINISTRATIVE COSTS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	219,277	219,277
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	531,700	531,700	-	(531,700)
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	-	-	-	-
Total revenue	531,700	531,700	219,277	(312,423)
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ 531,700	531,700		
EXPENDITURES - current:				
Personnel services	\$ -	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	212,600	-	212,600
Other costs	335,700	123,100	74,415	48,685
Bad debt	-	-	-	-
Capital outlay	-	-	-	-
Other uses	196,000	196,000	111,595	84,405
TOTAL EXPENDITURES	\$ 531,700	531,700	186,010	345,690

See Notes to Financial Statements.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Special Revenue Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

	PURCHASING DIVISION FEES			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 457,200	457,200	245,487	(211,713)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	457,200	457,200	<u>245,487</u>	<u>(211,713)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>457,200</u>	<u>457,200</u>		
EXPENDITURES - current:				
Personnel services	\$ 301,000	301,000	-	301,000
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	34,300	34,300	-	34,300
Other costs	66,100	66,100	257,625	(191,525)
Bad debt	-	-	-	-
Capital outlay	-	-	-	-
Other uses	55,800	55,800	11,100	44,700
TOTAL EXPENDITURES	\$ <u>457,200</u>	<u>457,200</u>	<u>268,725</u>	<u>188,475</u>

See Independent Auditors' Report.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Special Revenue Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

PROCUREMENT ASSISTANCE

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	167,700	167,700	167,700	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>11,900</u>	<u>11,900</u>	<u>11,900</u>	-
Total revenue	179,600	179,600	<u>179,600</u>	<u>-</u>
Cash balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>179,600</u>	<u>179,600</u>		
EXPENDITURES - current:				
Personnel services	\$ 162,600	162,600	-	162,600
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	-
Other costs	17,000	17,000	56,099	(39,099)
Bad debt	-	-	-	-
Capital outlay	-	-	-	-
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	\$ <u>179,600</u>	<u>179,600</u>	<u>56,099</u>	<u>123,501</u>

See Independent Auditors' Report.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

CAPITOL BUILDINGS REPAIR

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	-	-	1,242,093	1,242,093
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	7,720,360	7,720,360	-	(7,720,360)
Federal funds	-	-	-	-
Interest	-	-	849,661	849,661
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
 Total revenue	 7,720,360	 7,720,360	 <u>2,091,754</u>	 <u>(5,628,606)</u>
Cash balance	<u>8,047,311</u>	<u>8,047,311</u>		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ <u>15,767,671</u>	 <u>15,767,671</u>		
 EXPENDITURES - current:				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	-
Other costs	15,643,961	15,643,961	-	15,643,961
Bad debt	-	-	-	-
Capital outlay	-	-	837,147	(837,147)
Other uses	<u>123,710</u>	<u>123,710</u>	<u>-</u>	<u>123,710</u>
 TOTAL EXPENDITURES	 \$ <u>15,767,671</u>	 <u>15,767,671</u>	 <u>837,147</u>	 <u>14,930,524</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

	2004 APPROPRIATIONS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	15,135,000	15,135,000	-	(15,135,000)
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	2,195,303	2,195,303
Total revenue	15,135,000	15,135,000	2,195,303	(12,939,697)
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ 15,135,000	15,135,000		
EXPENDITURES - current:				
Personnel services	\$ -	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	10,000	10,000	-	10,000
Other costs	13,767,725	13,767,725	-	13,767,725
Bad debt	-	-	-	-
Capital outlay	-	-	2,195,303	(2,195,303)
Other uses	1,357,275	1,357,275	-	1,357,275
TOTAL EXPENDITURES	\$ 15,135,000	15,135,000	2,195,303	12,939,697

See Notes to Financial Statements.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

	2005 APPROPRIATIONS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	4,279,565	4,279,565
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
 Total revenue	 -	 -	 <u>4,279,565</u>	 <u>4,279,565</u>
Cash balance	-	-		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ <u>-</u>	 <u>-</u>		
 EXPENDITURES - current:				
Personnel services	\$ -	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Bad debt	-	-	-	-
Capital outlay	-	-	4,279,565	(4,279,565)
Other uses	-	-	-	-
 TOTAL EXPENDITURES	 \$ <u>-</u>	 <u>-</u>	 <u>4,279,565</u>	 <u>(4,279,565)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

	2006 APPROPRIATIONS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 30,000	30,000	30,000	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	35,650,000	13,080,000	(22,570,000)
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	<u>9,713,422</u>	<u>9,713,422</u>
Total revenue	30,000	35,680,000	<u>22,823,422</u>	<u>(12,856,578)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>30,000</u>	<u>35,680,000</u>		
EXPENDITURES - current:				
Personnel services	\$ -	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	-	-
Contractual services	-	270,000	-	270,000
Other costs	30,000	30,000	-	30,000
Bad debt	-	-	-	-
Capital outlay	-	34,521,771	7,213,422	27,308,349
Other uses	-	858,229	-	858,229
TOTAL EXPENDITURES	\$ <u>30,000</u>	<u>35,680,000</u>	<u>7,213,422</u>	<u>28,466,578</u>

See Independent Auditors' Report.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenditures -
Major and Non-Major Capital Projects Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

	1999 APPROPRIATIONS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	25,224	25,224
Appropriations	6,034,929	6,034,929	-	(6,034,929)
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
 Total revenue	 6,034,929	 6,034,929	 <u>25,224</u>	 <u>(6,009,705)</u>
Cash balance	-	-		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ <u>6,034,929</u>	 <u>6,034,929</u>		
 EXPENDITURES - current:				
Personnel services	\$ -	-	-	-
Employee benefits	-	-	-	-
In-state travel	-	-	-	-
Out-of-state travel	-	-	-	-
Maintenance and repairs	50,000	50,000	-	50,000
Supplies	100,000	100,000	-	100,000
Contractual services	2,295	2,295	-	2,295
Other costs	19,134	19,134	-	19,134
Bad debt	-	-	-	-
Capital outlay	5,730,644	5,730,644	34,591	5,696,053
Other uses	132,856	132,856	-	132,856
 TOTAL EXPENDITURES	 \$ <u>6,034,929</u>	 <u>6,034,929</u>	 <u>34,591</u>	 <u>6,000,338</u>

MAJOR AND NON-MAJOR FUNDS - continued

ENTERPRISE FUNDS:

Administrative Services Division and Office of the Secretary

The Administrative Services Division and Office of the Secretary (Fund 19700, non-reverting) provides program support for the Department. Both Divisions were separated from the General Fund in fiscal year 2002. The Office of the Secretary is responsible to the Governor for the operations of the Department. It is his duty to manage all operations of the Department and to administer and enforce the laws with which he or the Department is charged. The Administrative Services Division provides financial, purchasing, budget and personnel-related services for its parent agency, the General Services Department.

Transportation Services Division

- **State Transportation Pool** (Fund 36500, non-reverting, Chapter 15, Article 8, NMSA 1978) provides transportation for all state agencies in the Santa Fe, New Mexico and Albuquerque, New Mexico areas.
- **Surplus Property Bureau** (Fund 36000, non-reverting, Section 15-4-3 NMSA 1978) administers federal and state surplus property. The surplus property is sold to qualified organizations at a discounted fee prescribed by the United States General Services Administration.
- **State Aircraft Pool** (Fund 41700, non-reverting, Aviation Services Fund, Section 15-9-4.1 NMSA 1978) provides transportation services via the State aircraft to all governmental entities.

Information Systems Division (ISD)

- **Office of Information Processing (OIP)** (Fund 36200, non-reverting) provides automated data processing services for State agencies and other local and federal governmental units. ISD was designated as the division to lead the State's IT consolidation initiative.
- **Human Resources System Fund** (Fund 38500, non-reverting) accounts for the costs of operating the Human Resource System. The Information Systems Division provides professional technical services, and the operation is administered jointly by the Department of Finance and Administration and the State Personnel Office. The costs are recovered through assessments, based on a per-employee cost, to all agencies subject to their oversight.

MAJOR AND NON-MAJOR FUNDS - continued

ENTERPRISE FUNDS - continued:

Communications Division

- **Communications Division** (Fund 36900, non-reverting) is responsible for designing, establishing and maintaining voice and data telecommunication systems for New Mexico State Government. The services are also available to other governmental entities. The Radio Communications Bureau, which has been combined with the Telecom Bureau under the Communications Division, provides radio communications expertise to state, county and municipal entities.
- **The Digital Microwave Fund** (Fund 36600, non-reverting FY04, Section 15-38-16 NMSA 1978) is used to account for the appropriations received by the Communications Division for the purpose of developing and implementing the State's digital communications network.
- **State Printing** (Fund 80600, non-reverting) is responsible for all large printing work for the State Government agencies.

Risk Management Division

- **Risk Management Operating Account** (Fund 35200, non-reverting) serves as an enterprise fund to the other Risk Funds within the Risk Management Division. The Operating Account assesses an administrative fee to the Risk Funds and is reflected in income. The Risk Funds report the assessment as part of expenses within each Risk Fund.
- **State Unemployment Compensation Reserve** (Fund 35300, non-reverting, Section 15-7-2 NMSA 1978) accounts for the administration of all contributions collected and payments made to beneficiaries pursuant to the Unemployment Compensation Law. The fund is self-insured and financing is provided through billings to State government agencies and interest on invested funds.
- **Local Public Body Unemployment Compensation** (Fund 35400, non-reverting, Section 15-7-2 NMSA 1978) accounts for the administration of unemployment compensation benefits paid to public employees of local public bodies of the State of New Mexico who have agreed to participate in the fund activity. Financing is provided through assessments made to local public bodies pursuant to the rate schedule prescribed by the Risk Management Division and interest on invested funds.
- **Public Liability** (Fund 35700, non-reverting, Section 15-7-2 NMSA 1978) provides for liability insurance for State agencies and their employees and for any local public body participating in this fund and pays claims and judgments against governmental entities or their employees covered by a certificate of coverage. Financing is provided through collections and transfers from governmental entities and interest on invested funds.

MAJOR AND NON-MAJOR FUNDS - continued

ENTERPRISE FUNDS - continued:

Risk Management Division - continued

- **Surety Bond** (Fund 35800, non-reverting, Section 15-7-2 NMSA 1978) accounts for surety bond coverage of all or any portion of the surety bond risk of State agencies covered by a surety bond certificate of coverage issued by the Department. Financing is provided through the collection or transfer of funds from each State agency to cover costs of coverage of employees of that agency, and from interest earned on investments.
- **Workers' Compensation Retention** (Fund 35900, non-reverting, Section 15-7-6 NMSA 1978) accounts for the purchase and administration of workers' compensation insurance and provides appropriate reserves for workers' compensation coverage for employees of the State agencies. Financing is provided through the collection and transfer of funds from State agencies for workers' compensation, and from interest earned on investments.
- **Employee Assistance Program** (Fund 21500, non-reverting, Section 15-7-2C NMSA 1978) was created under the authority of the Risk Management Division to establish and administer group benefit plans (10-7B-6 through 10-7B-7 NMSA 1978). The purpose of the fund is to account for the collection of premiums from payroll benefit withholding and payments to the service provider.
- **Public Property Reserve** (Fund 35600, non-reverting, Section 15-7-2 NMSA 1978) accounts for the purchase and administration of property insurance and the payment of any claim covered by a certificate of coverage, used by the Risk Management Division. Financing is provided through assessments to State agencies. Interest on invested funds is retained in the State of New Mexico General Fund.

Rates of the Risk Management Division are based upon the costs of insurance coverage purchased from third-party carriers or the direct cost of coverage for any risk not insured. Rates are also weighted to reflect the respective risk of each agency.

- **Group Insurance Premium Stabilization** (Fund 75200, non-reverting, Section 15-7-2C NMSA 1978) is used to account for premiums collected under the Consolidated Omnibus Budget Reconciliation Act (COBRA) from former employees of the Department who have elected to continue their health insurance coverage with the Department's carrier, and for retiree participation in the group insurance plans.

This fund is also used to account for money appropriated, employers' contributions, employees' contributions, insurance proceeds and other income from group life, vision care, dental care, health and disability insurance plans.

AS OF JUNE 30, 2007

	19700 Administration Services Division	36500 State Transportation Pool	36000 Surplus Property Bureau	41700 State Aircraft Pool	36200 Office of Information Processing
ASSETS:					
CURRENT ASSETS:					
State General Fund Investment Pool at the State Treasurer's Office	\$ 3,098,788	7,184,009	5,890	258,542	2,783,900
Receivables:					
Severance tax bonds proceeds	-	-	-	-	-
Interest receivable	-	-	-	-	-
Accounts/trade receivables	4,875	1,543,695	44,768	148,435	6,127,348
Allowance for doubtful accounts	(260)	(132,279)	(502)	(7,924)	(472,626)
Due from other funds	35,941	284,170	65,446	49,394	86,732
Due from other agencies	910	-	-	-	-
Other Assets	-	2,025	-	-	2,120
Inventories	14,886	-	-	-	144,589
TOTAL CURRENT ASSETS	3,155,140	8,881,620	115,602	448,447	8,672,063
NON-CURRENT ASSETS:					
Capital assets	60,209	25,436,008	119,613	7,206,796	17,191,699
Accumulated depreciation	(58,428)	(17,763,314)	(77,554)	(2,962,246)	(12,687,107)
TOTAL NON-CURRENT ASSETS	1,781	7,672,694	42,059	4,244,550	4,504,592
TOTAL ASSETS	\$ 3,156,921	16,554,314	157,661	4,692,997	13,176,655

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Net Assets -
Non-Major Enterprise Funds**

<u>38500</u> <u>Human</u> <u>Resources</u> <u>System</u>	<u>36900</u> <u>Communications</u> <u>Division</u>	<u>36600</u> <u>Digital</u> <u>Microwave</u>	<u>80600</u> <u>State</u> <u>Printing</u>	<u>35200</u> <u>Risk</u> <u>Management</u> <u>Operating</u>	<u>35300</u> <u>State</u> <u>Unemployment</u> <u>Compensation</u>
2,441,039	2,627,006	9,924,464	578,283	1,198,024	5,947,224
-	-	-	-	-	-
-	-	-	-	-	-
-	1,541,898	-	386,257	-	2,477,893
-	(1,987,096)	-	(20,028)	-	(205,881)
21,751	126,775	197,933	38,689	251,198	37,121
-	6,321,213	-	-	-	178,012
642	-	-	-	5,393	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>369,355</u>	<u>-</u>	<u>-</u>
2,463,432	8,629,796	10,122,397	1,352,556	1,454,615	8,434,369
65,546	73,237,673	-	1,463,976	165,677	-
<u>(64,473)</u>	<u>(49,395,921)</u>	<u>-</u>	<u>(1,301,438)</u>	<u>(141,190)</u>	<u>-</u>
<u>1,073</u>	<u>23,841,752</u>	<u>-</u>	<u>162,538</u>	<u>24,487</u>	<u>-</u>
<u>2,464,505</u>	<u>32,471,548</u>	<u>10,122,397</u>	<u>1,515,094</u>	<u>1,479,102</u>	<u>8,434,369</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Net Assets -
Non-Major Enterprise Funds - continued**

AS OF JUNE 30, 2007

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
ASSETS:					
CURRENT ASSETS:					
State General Fund Investment Pool at the State Treasurer's Office	\$ 410,943	1,226,120	773,166	4,949,251	43,406,649
Receivables:					
Severance tax bonds proceeds	-	-	-	-	-
Interest receivable	-	-	-	-	-
Accounts/trade receivables	1,262,393	246,009	7,957	57,755	13,849,283
Allowance for doubtful accounts	(1,211)	(246,009)	-	(57,755)	(3,131,571)
Due from (to) other funds	-	-	-	-	1,195,150
Due from other agencies	13,094	32,105	-	150,687	6,696,021
Other assets	-	-	-	-	10,180
Inventories	-	-	-	-	528,830
TOTAL CURRENT ASSETS	1,685,219	1,258,225	781,123	5,099,938	62,554,542
NON-CURRENT ASSETS:					
Capital assets	-	-	-	-	124,947,197
Accumulated depreciation	-	-	-	-	(84,451,671)
TOTAL NON-CURRENT ASSETS	-	-	-	-	40,495,526
TOTAL ASSETS	\$ 1,685,219	1,258,225	781,123	5,099,938	103,050,068

AS OF JUNE 30, 2007

	19700 Administration Services Division	36500 State Transportation Pool	36000 Surplus Property Bureau	41700 State Aircraft Pool	36200 Office of Information Processing
LIABILITIES AND NET ASSETS:					
LIABILITIES:					
CURRENT LIABILITIES:					
Bank overdraft	\$ -	-	-	-	-
Claims payable	-	-	-	-	-
Accounts payable	119,739	868,118	54,402	103,721	625,691
Deferred revenue	-	-	-	-	-
Accrued expenses	229,624	87,002	18,609	33,823	490,879
Due to other funds	43,555	1,947	-	250,000	183,927
Due to State General Fund	-	-	-	-	-
Due to other agencies	-	-	-	-	4,049,579
Capital leases payable	-	-	-	-	2,775,812
Accrued compensated absences	-	69,267	6,986	40,744	-
TOTAL CURRENT LIABILITIES	392,918	1,026,334	79,997	428,288	8,125,888
LONG-TERM DEBT:					
Claims payable	-	-	-	-	-
Compensated absences payable	199,182	-	-	-	206,118
TOTAL LONG-TERM DEBT	199,182	-	-	-	206,118
TOTAL LIABILITIES	592,100	1,026,334	79,997	428,288	8,332,006
NET ASSETS:					
Invested in capital assets, net of related debt	1,781	7,672,694	42,059	4,244,550	4,504,592
Restricted for insurance/claims	-	-	-	-	-
Unrestricted	2,563,040	7,855,286	35,605	20,159	340,057
TOTAL NET ASSETS	2,564,821	15,527,980	77,664	4,264,709	4,844,649
TOTAL LIABILITIES AND NET ASSETS	\$ 3,156,921	16,554,314	157,661	4,692,997	13,176,655

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Net Assets -
Non-Major Enterprise Funds - continued**

<u>38500 Human Resources System</u>	<u>36900 Communications Division</u>	<u>36600 Digital Microwave</u>	<u>80600 State Printing</u>	<u>35200 Risk Management Operating</u>	<u>35300 State Unemployment Compensation</u>
-	-	-	-	-	-
-	-	-	-	-	4,416,488
950,393	1,966,245	401,070	205,374	132,667	6,166,370
-	-	4,705,572	-	-	-
41,273	395,175	-	67,692	287,121	-
109,333	325,777	-	-	13,507	-
-	-	-	-	-	-
-	137,800	-	-	-	2,314
-	-	-	-	-	-
<u>24,620</u>	<u>193,628</u>	<u>-</u>	<u>38,716</u>	<u>182,221</u>	<u>-</u>
1,125,619	3,018,625	5,106,642	311,782	615,516	10,585,172
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,125,619	3,018,625	5,106,642	311,782	615,516	10,585,172
1,073	23,841,752	-	162,538	24,487	-
-	-	-	-	-	4,416,488
<u>1,337,813</u>	<u>5,611,171</u>	<u>5,015,755</u>	<u>1,040,774</u>	<u>839,099</u>	<u>(6,567,291)</u>
<u>1,338,886</u>	<u>29,452,923</u>	<u>5,015,755</u>	<u>1,203,312</u>	<u>863,586</u>	<u>(2,150,803)</u>
<u>2,464,505</u>	<u>32,471,548</u>	<u>10,122,397</u>	<u>1,515,094</u>	<u>1,479,102</u>	<u>8,434,369</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Net Assets -
Non-Major Enterprise Funds - continued**

AS OF JUNE 30, 2007

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
LIABILITIES AND NET ASSETS:					
LIABILITIES:					
CURRENT LIABILITIES:					
Bank overdraft	\$ -	-	-	-	-
Claims payable	949,545	-	-	2,110,492	7,476,525
Accounts payable	944,960	-	16,355	309,238	12,864,343
Deferred revenue	-	-	-	-	4,705,572
Accrued expenses	-	-	-	-	1,651,198
Due to other fund	-	-	-	-	928,046
Due to State General Fund	-	-	-	-	-
Due to other agencies	-	-	-	-	4,189,693
Capital leases payable	-	-	-	-	2,775,812
Accrued compensated absences	-	-	-	-	556,182
TOTAL CURRENT LIABILITIES	1,894,505	-	16,355	2,419,730	35,147,371
LONG-TERM DEBT:					
Claims payable	-	142,548	-	-	142,548
Compensated absences payable	-	-	-	-	405,300
TOTAL LONG-TERM DEBT	-	-	-	-	405,300
TOTAL LIABILITIES	1,894,505	142,548	16,355	2,419,730	35,695,219
NET ASSETS:					
Invested in capital assets, net of related debt	-	-	-	-	40,495,526
Restricted for insurance/claims	949,545	142,548	-	2,110,492	7,619,073
Unrestricted	(1,158,831)	973,129	764,768	569,716	19,240,250
TOTAL NET ASSETS	(209,286)	1,115,677	764,768	2,680,208	67,354,849
TOTAL LIABILITIES AND NET ASSETS	\$ 1,685,219	1,258,225	781,123	5,099,938	103,050,068

AS OF JUNE 30, 2007

	<u>19700</u> <u>Administration</u> <u>Services</u> <u>Division</u>	<u>36500</u> <u>State</u> <u>Transportation</u> <u>Pool</u>	<u>36000</u> <u>Surplus</u> <u>Property</u> <u>Bureau</u>	<u>41700</u> <u>State</u> <u>Aircraft</u> <u>Pool</u>	<u>36200</u> <u>Office of</u> <u>Information</u> <u>Processing</u>
OPERATING REVENUE:					
Service fees/premiums	\$ 27,395	7,745,802	205,157	290,354	15,748,774
Federal funds	-	-	-	-	-
Interest income	-	-	-	-	-
Other revenue	<u>210</u>	<u>89,048</u>	<u>163,729</u>	<u>212,520</u>	<u>1,239,458</u>
TOTAL REVENUES	27,605	7,834,850	368,886	502,874	16,988,232
OPERATING EXPENSE:					
Personnel services	2,109,441	843,131	170,994	321,713	4,529,147
Employee benefits	717,874	341,090	103,267	137,945	1,797,737
In-state travel	1,885	5,010	-	2,499	6
Out-of-state travel	-	1,857	-	14,770	18,879
Maintenance and repairs	16,548	1,004	-	184,353	195,519
Supplies	29,002	7,500	-	1,119	63,903
Contractual services	68,934	14,920	-	-	5,229,457
Depreciation	696	2,115,667	8,244	954,160	1,684,368
Operating costs	312,240	1,281,549	57,221	575,964	1,645,418
Other costs	<u>360</u>	<u>423,140</u>	<u>-</u>	<u>-</u>	<u>558,100</u>
TOTAL EXPENSES	<u>3,256,980</u>	<u>5,034,868</u>	<u>339,726</u>	<u>2,192,523</u>	<u>15,722,534</u>
OPERATING INCOME (LOSS)	(3,229,375)	2,799,982	29,160	(1,689,649)	1,265,698

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenses and
Changes in Net Assets - Non-Major Enterprise Funds**

38500 Human Resources System	36900 Communications Division	36600 Digital Microwave	80600 State Printing	35200 Risk Management Operating	35300 State Unemployment Compensation
2,641,863	18,083,796	38,516	1,831,194	-	7,174,089
-	-	-	-	-	-
-	546	-	-	-	292,937
<u>-</u>	<u>951,074</u>	<u>62,025</u>	<u>136,726</u>	<u>57</u>	<u>336,906</u>
2,641,863	19,035,416	100,541	1,967,920	57	7,803,932
359,040	3,796,782	-	688,760	2,972,942	-
184,130	1,442,609	-	221,892	1,110,441	-
-	33,709	-	-	22,608	-
5,715	6,487	-	-	10,063	-
36	39,275	124,194	-	4,880	-
-	54,488	-	250,742	23,397	3,897,865
2,702,378	431,946	-	-	2,650	-
1,609	4,295,489	-	36,078	12,866	-
671,199	9,261,529	-	419,334	346,183	67,367
<u>-</u>	<u>2,521,358</u>	<u>2,376,152</u>	<u>321</u>	<u>17,147</u>	<u>-</u>
<u>3,924,107</u>	<u>21,883,672</u>	<u>2,500,346</u>	<u>1,617,127</u>	<u>4,523,177</u>	<u>3,965,232</u>
(1,282,244)	(2,848,256)	(2,399,805)	350,793	(4,523,120)	3,838,700

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenses and
Changes in Net Assets - Non-Major Enterprise Funds - continued**

AS OF JUNE 30, 2007

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
OPERATING REVENUE:					
Service fees/premiums	\$ 1,750,652	-	60,011	6,002,130	61,599,733
Federal funds	-	-	-	-	-
Interest income	20,172	67,810	-	350,781	732,246
Other revenue	-	600	135,799	769,220	4,097,372
TOTAL REVENUES	1,770,824	68,410	195,810	7,122,131	66,429,351
OPERATING EXPENSE:					
Personnel services	-	-	-	-	15,791,950
Employee benefits	-	-	-	-	6,056,985
In-state travel	-	-	-	-	65,717
Out-of-state travel	-	-	-	-	57,771
Maintenance and repairs	-	-	-	-	565,809
Supplies	-	-	-	-	4,328,016
Contractual services	-	-	524,875	-	8,975,160
Depreciation	-	-	-	-	9,109,177
Operating costs	23,670	302,716	-	8,414,618	23,379,008
Other costs	626,637	-	-	-	6,523,215
TOTAL EXPENSES	650,307	302,716	524,875	8,414,618	74,852,808
OPERATING INCOME (LOSS)	1,120,517	(234,306)	(329,065)	(1,292,487)	(8,423,457)

AS OF JUNE 30, 2007

	19700 Administration Services Division	36500 State Transportation Pool	36000 Surplus Property	41700 State Aircraft Pool	36200 Office of Information Processing
NON-OPERATING					
REVENUE (EXPENSE):					
Intra-agency transfers	\$ 3,824,200	(268,700)	-	-	(294,200)
Other financing sources (uses):					
Transfers:					
General appropriations	-	-	-	819,900	-
Other state agency transfers	-	-	-	1,900	-
Other state funds	-	-	-	-	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>3,824,200</u>	<u>(268,700)</u>	<u>-</u>	<u>821,800</u>	<u>(294,200)</u>
INCOME BEFORE TRANSFERS	594,825	2,531,282	29,160	(867,849)	971,498
TRANSFERS (FROM) TO	-	-	-	-	-
CHANGE IN NET ASSETS	594,825	2,531,282	29,160	(867,849)	971,498
BEGINNING NET ASSETS	1,969,996	12,996,698	48,504	5,132,558	3,873,151
RESTATEMENT OF NET ASSETS	-	-	-	-	-
BEGINNING NET ASSETS, as restated	<u>1,969,996</u>	<u>12,996,698</u>	<u>48,504</u>	<u>5,132,558</u>	<u>3,873,151</u>
ENDING NET ASSETS	\$ <u>2,564,821</u>	<u>15,527,980</u>	<u>77,664</u>	<u>4,264,709</u>	<u>4,844,649</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenses and
Changes in Net Assets - Non-Major Enterprise Funds - continued**

38500 Human Resources System	36900 Communications Division	36600 Digital Microwave	80600 State Printing	35200 Risk Management Operating	35300 State Unemployment Compensation
(117,600)	(739,300)	-	(75,500)	4,133,600	(47,000)
-	-	-	-	-	-
-	6,800,000	7,214,383	-	-	-
<u>10,111</u>	-	-	-	-	-
<u>(107,489)</u>	<u>6,060,700</u>	<u>7,214,383</u>	<u>(75,500)</u>	<u>4,133,600</u>	<u>(47,000)</u>
(1,389,733)	3,212,444	4,814,578	275,293	(389,520)	3,791,700
-	-	-	-	-	-
(1,389,733)	3,212,444	4,814,578	275,293	(389,520)	3,791,700
2,728,619	26,438,412	3,244	928,019	1,253,106	(5,942,503)
-	(197,933)	197,933	-	-	-
<u>2,728,619</u>	<u>26,240,479</u>	<u>201,177</u>	<u>928,019</u>	<u>1,253,106</u>	<u>(5,942,503)</u>
<u>1,338,886</u>	<u>29,452,923</u>	<u>5,015,755</u>	<u>1,203,312</u>	<u>863,586</u>	<u>(2,150,803)</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Revenues, Expenses and
Changes in Net Assets - Non-Major Enterprise Funds - continued**

AS OF JUNE 30, 2007

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
NON-OPERATING					
REVENUE (EXPENSE):					
Intra-agency transfers	\$ (47,000)	(30,900)	-	(156,800)	6,180,800
Other financing sources (uses):					
Transfers:					
General appropriations	-	-	-	-	819,900
Other state agency transfers	-	-	186,508	-	14,202,791
Other state funds	-	-	-	-	10,111
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(47,000)</u>	<u>(30,900)</u>	<u>186,508</u>	<u>(156,800)</u>	<u>21,213,602</u>
INCOME BEFORE TRANSFERS	1,073,517	(265,206)	(142,557)	(1,449,287)	12,790,145
TRANSFERS (FROM) TO	-	-	-	-	-
CHANGE IN NET ASSETS	1,073,517	(265,206)	(142,557)	(1,449,287)	12,790,145
BEGINNING OF YEAR	(1,282,803)	1,380,883	907,325	4,129,495	54,564,704
RESTATEMENT OF NET ASSETS	-	-	-	-	-
NET ASSETS, BEGINNING OF YEAR, RESTATED	<u>(1,282,803)</u>	<u>1,380,883</u>	<u>907,325</u>	<u>4,129,495</u>	<u>54,564,704</u>
NET ASSETS, END OF YEAR	<u>(209,286)</u>	<u>1,115,677</u>	<u>764,768</u>	<u>2,680,208</u>	<u>67,354,849</u>

AS OF JUNE 30, 2007

	19700 Administration Services Division	36500 State Transportation Pool	36000 Surplus Property Bureau	41700 State Aircraft Pool
OPERATING ACTIVITIES:				
Fees received	\$ 71,805	7,661,669	368,886	346,312
Other income		-	-	-
Cash paid to supplies and employees	(3,153,387)	(4,393,320)	(405,042)	(1,181,260)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3,081,582)	3,268,349	(36,156)	(834,948)
NON-CAPITAL FINANCING ACTIVITIES:				
Appropriation from/reversion to State General Fund	-	-	-	819,900
Severance tax bond proceeds	-	-	-	-
Transfers	<u>3,824,200</u>	<u>(268,700)</u>	<u>-</u>	<u>1,900</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	3,824,200	(268,700)	-	821,800
CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital leases and expenditures	<u>-</u>	<u>(3,950,877)</u>	<u>-</u>	<u>-</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(3,950,877)</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	742,618	(951,228)	(36,156)	(13,148)
BEGINNING CASH	<u>2,356,170</u>	<u>8,135,237</u>	<u>42,046</u>	<u>271,690</u>
ENDING CASH	\$ <u>3,098,788</u>	<u>7,184,009</u>	<u>5,890</u>	<u>258,542</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Cash Flows -
Non-Major Enterprise Funds**

36200 Office of Information Processing	38500 Human Resources System	36900 Communications Division	36600 Digital Microwave	80600 State Printing	35200 Risk Management Operating	35300 State Unemployment Compensation
13,273,920	2,619,470	15,908,548	100,541	1,967,920	57	5,916,140
-	-	-	-	-	-	-
(14,595,197)	(2,922,140)	(21,613,060)	(5,125,636)	(1,868,119)	(4,544,336)	(3,711,432)
<u>-</u>	<u>-</u>	<u>(197,933)</u>	<u>197,933</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,321,277)	(302,670)	(5,902,445)	(4,827,162)	99,801	(4,544,279)	2,204,708
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(294,200)</u>	<u>(107,489)</u>	<u>6,060,700</u>	<u>7,214,383</u>	<u>(75,500)</u>	<u>4,133,600</u>	<u>(47,000)</u>
(294,200)	(107,489)	6,060,700	7,214,383	(75,500)	4,133,600	(47,000)
<u>(1,797,154)</u>	<u>-</u>	<u>(5,354,840)</u>	<u>-</u>	<u>(72,000)</u>	<u>(21,945)</u>	<u>-</u>
<u>(1,797,154)</u>	<u>-</u>	<u>(5,354,840)</u>	<u>-</u>	<u>(72,000)</u>	<u>(21,945)</u>	<u>-</u>
(3,412,631)	(410,159)	(5,196,585)	2,387,221	(47,699)	(432,624)	2,157,708
<u>6,196,531</u>	<u>2,851,198</u>	<u>7,823,591</u>	<u>7,537,243</u>	<u>625,982</u>	<u>1,630,648</u>	<u>3,789,516</u>
<u><u>2,783,900</u></u>	<u><u>2,441,039</u></u>	<u><u>2,627,006</u></u>	<u><u>9,924,464</u></u>	<u><u>578,283</u></u>	<u><u>1,198,024</u></u>	<u><u>5,947,224</u></u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Cash Flows -
Non-Major Enterprise Funds - continued**

AS OF JUNE 30, 2007

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
OPERATING ACTIVITIES:					
Fees received	\$ 726,234	68,410	195,810	7,122,131	56,347,853
Other income	-	-	-	-	-
Cash paid to supplies and employees	(517,863)	(95,416)	(553,497)	(7,773,366)	(72,453,071)
Prior period adjustment	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	208,371	(27,006)	(357,687)	(651,235)	(16,105,218)
NON-CAPITAL FINANCING ACTIVITIES:					
Appropriation from/reversion to State General Fund	-	-	-	-	819,900
Severance tax bond proceeds	-	-	-	-	-
Transfers	(47,000)	(30,900)	186,508	(156,800)	20,393,702
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(47,000)	(30,900)	186,508	(156,800)	21,213,602
CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital leases and expenditures	-	-	-	-	(11,196,816)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	-	(11,196,816)
NET INCREASE (DECREASE) IN CASH	161,371	(57,906)	(171,179)	(808,035)	(6,088,432)
CASH, BEGINNING OF YEAR	249,572	1,284,026	944,345	5,757,286	49,495,081
CASH, END OF YEAR	\$ 410,943	1,226,120	773,166	4,949,251	43,406,649

AS OF JUNE 30, 2007

	19700 Administration Services Division	36500 State Transportation Pool	36000 Surplus Property Bureau	41700 State Aircraft Pool	36200 Office of Information Processing
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM:					
OPERATING ACTIVITIES:					
Operating income (loss)	\$ (3,229,375)	2,799,982	29,160	(1,689,649)	1,265,698
Adjustments:					
Depreciation	696	2,115,667	8,244	954,160	1,684,368
Loss on disposal of capital assets	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
(Increase) Decrease in assets					
Accounts receivable and due from other agencies and funds	(13,291)	(173,181)	(103,918)	(156,564)	(3,714,312)
Inventories	(1,552)	-	-	-	-
Increase (decrease) in liabilities:					
Insurance claim payable	-	-	-	-	-
Accounts/federal claims payable and due to other agencies and funds	(17,825)	(1,532,971)	18,611	27,980	(719,251)
Accrued expenses	46,107	44,990	9,367	19,332	(43,898)
Accrued compensated absences	133,658	13,862	2,380	9,793	206,118
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (3,081,582)	3,268,349	(36,156)	(834,948)	(1,321,277)

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Cash Flows -
Non-Major Enterprise Funds - continued

38500 Human Resources System	36900 Communications Division	36600 Digital Microwave	80600 State Printing	35200 Risk Management Operating	35300 State Unemployment Compensation	35400 LPB Unemployment Compensation
(1,282,244)	(2,848,256)	(2,399,805)	350,793	(4,523,120)	3,838,700	1,120,517
1,609	4,295,488	-	36,078	12,866	-	-
-	-	-	-	-	-	-
-	(197,933)	197,933	-	-	-	-
(22,393)	(3,140,906)	(197,933)	(324,701)	(256,591)	(1,887,792)	(1,044,590)
-	14,037	-	(124,484)	-	-	-
-	-	-	-	-	253,802	25,426
979,222	(4,314,206)	(2,427,357)	134,180	14,590	(2)	107,475
21,136	202,628	-	27,935	157,677	-	(457)
-	86,703	-	-	50,299	-	-
<u>(302,670)</u>	<u>(5,902,445)</u>	<u>(4,827,162)</u>	<u>99,801</u>	<u>(4,544,279)</u>	<u>2,204,708</u>	<u>208,371</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Cash Flows -
Non-Major Enterprise Funds - continued

AS OF JUNE 30, 2007

	35800	21500	35600	
	Surety	Employee	Public	
	Bond	Assistance	Property	Total
	<u>Bond</u>	<u>Assistance</u>	<u>Reserve</u>	<u>Total</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM:				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ (234,306)	(329,065)	(1,292,487)	(8,423,457)
Adjustments:				
Depreciation	-	-	-	9,109,176
Loss on disposal of capital assets	-	-	-	-
Prior period adjustment	-	-	-	-
(Increase) Decrease in assets				
Accounts receivable and due from other agencies and funds	218,424	-	(128,790)	(10,946,538)
Inventories	-	-	-	(111,999)
Increase (decrease) in liabilities:				
Insurance claim payable	(11,124)	-	690,880	958,984
Accounts/federal claims payable and due to other agencies and funds	-	(28,622)	79,162	(7,679,014)
Accrued expenses	-	-	-	484,817
Accrued compensated absences	-	-	-	502,813
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u>(27,006)</u>	<u>(357,687)</u>	<u>(651,235)</u>	<u>(16,105,218)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

ADMINISTRATIVE SERVICES DIVISION

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	-	-	27,395	27,395
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	3,727,700	3,727,700	210	(3,727,490)
Other financing sources	-	-	3,824,200	3,824,200
Total revenue	3,727,700	3,727,700	3,851,805	124,105
Cash balance	-	100,000		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ 3,727,700	3,827,700		
EXPENSES - current:				
Personnel services and employee benefits	2,763,000	2,763,000	2,827,315	(64,315)
In-state travel	-	-	1,885	(1,885)
Out-of-state travel	-	-	-	-
Maintenance and repair	-	-	16,548	-
Supplies	-	-	29,002	(29,002)
Contractual services	149,000	249,000	68,934	180,066
Other costs	596,300	596,300	312,600	283,700
Other uses	219,400	219,400	-	219,400
TOTAL EXPENSES BEFORE DEPRECIATION	3,727,700	3,827,700	3,256,284	587,964
DEPRECIATION NOT BUDGETED			696	(696)
TOTAL EXPENSES	\$ 3,727,700	3,827,700	3,256,980	587,268

See Independent Auditors' Report.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	STATE TRANSPORTATION POOL			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 7,842,000	7,842,000	7,745,802	(96,198)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	89,048	89,048
Other financing sources	-	-	-	-
Total revenue	7,842,000	7,842,000	7,834,850	(7,150)
Cash balance	-	1,765,100		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ 7,842,000	9,607,100		
EXPENSES - current:				
Personnel services and employee benefits	\$ 1,053,600	1,053,600	1,184,221	(130,621)
In-state travel	-	-	5,010	(5,010)
Out-of-state travel	-	-	1,857	(1,857)
Maintenance and repairs	-	-	1,004	(1,004)
Supplies	-	-	7,500	(7,500)
Contractual services	23,100	23,100	14,920	8,180
Other costs	6,437,200	8,202,300	1,973,389	6,228,911
Other uses	328,100	328,100	-	328,100
TOTAL EXPENSES BEFORE DEPRECIATION	7,842,000	9,607,100	3,187,901	6,419,199
DEPRECIATION NOT BUDGETED			2,115,667	(2,115,667)
TOTAL EXPENSES	\$ 7,842,000	9,607,100	5,303,568	4,303,532

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	SURPLUS PROPERTY BUREAU			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 356,800	356,800	205,157	(151,643)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	163,729	163,729
Other financing sources	-	-	-	-
Total revenue	356,800	356,800	<u>368,886</u>	<u>12,086</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>356,800</u>	<u>356,800</u>		
EXPENSES - current:				
Personnel services and employee benefits	\$ 279,500	279,500	274,261	5,239
Supplies	-	-	-	-
Contractual services	10,200	10,200	-	10,200
Other costs	67,100	67,100	57,221	9,879
TOTAL EXPENSES BEFORE DEPRECIATION	356,800	356,800	331,482	25,318
DEPRECIATION NOT BUDGETED	-	-	<u>8,244</u>	<u>(8,244)</u>
TOTAL EXPENSES	\$ <u>356,800</u>	<u>356,800</u>	<u>339,726</u>	<u>17,074</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	STATE AIRCRAFT POOL			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 684,100	684,100	290,354	(393,746)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	819,900	819,900	819,900	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	212,520	212,520
Other financing sources	<u>1,900</u>	<u>1,900</u>	<u>1,900</u>	<u>-</u>
Total revenue	1,505,900	1,505,900	<u>1,324,674</u>	<u>(181,226)</u>
Cash balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>1,505,900</u>	<u>1,505,900</u>		
EXPENSES - current:				
Personnel services and employee benefits	\$ 420,600	440,600	459,658	(19,058)
In-state travel	-	-	2,499	(2,499)
Out-of-state travel	-	-	14,770	(14,770)
Maintenance and repairs	-	-	184,353	(184,353)
Supplies	-	-	1,119	(1,119)
Contractual services	1,600	1,600	-	1,600
Other costs	<u>1,083,700</u>	<u>1,063,700</u>	<u>575,964</u>	<u>487,736</u>
TOTAL EXPENSES BEFORE DEPRECIATION	1,505,900	1,505,900	1,238,363	267,537
DEPRECIATION NOT BUDGETED	<u>-</u>	<u>-</u>	<u>954,160</u>	<u>(954,160)</u>
TOTAL EXPENSES	\$ <u>1,505,900</u>	<u>1,505,900</u>	<u>2,192,523</u>	<u>(686,623)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis)

YEAR ENDED JUNE 30, 2007

OFFICE OF INFORMATION PROCESSING

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 17,288,000	18,024,300	15,748,774	(2,275,526)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	1,239,458	1,239,458
Other financing sources	-	-	-	-
Total revenue	17,288,000	18,024,300	<u>16,988,232</u>	<u>(1,036,068)</u>
Cash balance	-	-	-	-
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>17,288,000</u>	<u>18,024,300</u>		
EXPENSES - current:				
Personnel services and employee benefits	\$ 7,049,900	7,249,900	6,326,884	923,016
In-state travel	-	-	6	(6)
Out-of-state travel	-	-	18,879	(18,879)
Maintenance and repairs	-	-	195,519	(195,519)
Supplies	-	-	63,903	(63,903)
Contractual services	6,846,900	7,186,000	5,229,457	1,956,543
Other costs	2,833,100	3,030,300	2,203,518	826,782
Other uses	558,100	558,100	294,200	263,900
TOTAL EXPENSES BEFORE DEPRECIATION	17,288,000	18,024,300	14,332,366	3,691,934
DEPRECIATION NOT BUDGETED	-	-	<u>1,684,368</u>	<u>(1,684,368)</u>
TOTAL EXPENSES	\$ <u>17,288,000</u>	<u>18,024,300</u>	<u>16,016,734</u>	<u>2,007,566</u>

See Independent Auditors' Report.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	HUMAN RESOURCES SYSTEM			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 1,921,700	1,921,700	2,641,863	720,163
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	10,111	10,111
 Total revenue	 1,921,700	 1,921,700	 <u>2,651,974</u>	 <u>730,274</u>
 Cash balance	 -	 <u>1,887,700</u>		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ <u>1,921,700</u>	 <u>3,809,400</u>		
 EXPENSES - current:				
Personnel services and employee benefits	\$ 840,600	840,600	543,170	297,430
Out-of-state travel	-	-	5,715	(5,715)
Maintenance and repairs	-	-	36	(36)
Contractual services	187,200	2,074,900	2,702,378	(627,478)
Other costs	776,300	776,300	788,799	(12,499)
Other uses	117,600	117,600	-	117,600
 TOTAL EXPENSES BEFORE DEPRECIATION	 1,921,700	 3,809,400	 4,040,098	 (230,698)
 DEPRECIATION NOT BUDGETED	 -	 -	 <u>1,609</u>	 <u>(1,609)</u>
 TOTAL EXPENSES	 \$ <u>1,921,700</u>	 <u>3,809,400</u>	 <u>4,041,707</u>	 <u>(232,307)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	COMMUNICATIONS DIVISION			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 18,109,400	22,231,200	22,883,796	652,596
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	546	546
Other revenues	-	-	951,074	951,074
Other financing sources	-	1,911,800	2,000,000	88,200
Total revenue	18,109,400	24,143,000	25,835,416	1,692,416
Cash balance	-	2,500,000		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ 18,109,400	26,643,000		
EXPENSES - current:				
Personnel services and employee benefits	\$ 4,951,300	5,636,800	5,239,391	397,409
In-state travel	-	-	33,709	(33,709)
Out-of-state travel	-	-	6,487	(6,487)
Maintenance and repairs	-	-	39,275	(39,275)
Supplies	-	-	54,488	(54,488)
Contractual services	338,600	456,300	431,946	24,354
Other costs	11,812,100	19,542,500	12,522,187	7,020,313
Other uses	1,007,400	1,007,400	-	1,007,400
TOTAL EXPENSES BEFORE DEPRECIATION	18,109,400	26,643,000	18,327,483	8,315,517
DEPRECIATION NOT BUDGETED	-	-	4,295,489	(4,295,489)
TOTAL EXPENSES	\$ 18,109,400	26,643,000	22,622,972	4,020,028

See Independent Auditors' Report.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	DIGITAL MICROWAVE			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	38,516	38,516
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	62,025	62,025
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>4,800,000</u>	<u>4,800,000</u>	<u>7,214,383</u>	<u>2,414,383</u>
Total revenue	4,800,000	4,800,000	<u>7,314,924</u>	<u>2,514,924</u>
Cash balance				
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>4,800,000</u>	<u>4,800,000</u>		
EXPENSES - current:				
Maintenance and repairs	\$ -	-	124,194	(124,194)
Other costs	<u>4,800,000</u>	<u>4,800,000</u>	<u>2,376,152</u>	<u>2,423,848</u>
TOTAL EXPENSES BEFORE DEPRECIATION	4,800,000	4,800,000	2,500,346	2,299,654
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>4,800,000</u>	<u>4,800,000</u>	<u>2,500,346</u>	<u>2,299,654</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	STATE PRINTING			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 2,647,000	2,647,000	1,831,194	(815,806)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	136,726	136,726
Other financing sources	-	-	-	-
Total revenue	2,647,000	2,647,000	<u>1,967,920</u>	<u>(679,080)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>2,647,000</u>	<u>2,647,000</u>		
EXPENSES - current:				
Personnel services and employee benefits	\$ 1,290,000	1,290,000	910,652	379,348
In-state travel	-	-	-	-
Maintenance and repairs	-	-	-	-
Supplies	-	-	250,742	(250,742)
Contractual services	10,400	10,400	-	10,400
Other costs	1,271,100	1,271,100	495,155	775,945
Other uses	<u>75,500</u>	<u>75,500</u>	-	<u>75,500</u>
TOTAL EXPENSES BEFORE DEPRECIATION	2,647,000	2,647,000	1,656,549	990,451
DEPRECIATION NOT BUDGETED	-	-	<u>36,078</u>	<u>(36,078)</u>
TOTAL EXPENSES	\$ <u>2,647,000</u>	<u>2,647,000</u>	<u>1,692,627</u>	<u>954,373</u>

See Independent Auditors' Report.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	RISK MANAGEMENT OPERATING			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	4,203,800	4,203,800	57	(4,203,743)
Other financing sources	-	-	4,133,600	4,133,600
Total revenue	4,203,800	4,203,800	4,133,657	(70,143)
Cash balance	-	230,800		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ 4,203,800	4,434,600		
EXPENSES - current:				
Personnel services and employee benefits	\$ 3,310,300	3,500,300	4,083,383	(583,083)
In-state travel	-	-	22,608	(22,608)
Out-of-state travel	-	-	10,063	(10,063)
Maintenance and repairs	-	-	4,880	(4,880)
Supplies	-	-	23,397	(23,397)
Contractual services	-	-	2,650	(2,650)
Other costs	487,600	528,400	363,330	165,070
Other uses	405,900	405,900	-	405,900
TOTAL EXPENSES BEFORE DEPRECIATION	4,203,800	4,434,600	4,510,311	(75,711)
DEPRECIATION NOT BUDGETED	-	-	12,866	(12,866)
TOTAL EXPENSES	\$ 4,203,800	4,434,600	4,523,177	(88,577)

See Independent Auditors' Report.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	STATE UNEMPLOYMENT COMPENSATION			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	292,937	292,937
Insurance assesments	6,730,400	6,730,400	7,174,089	443,689
Other revenues	-	-	336,906	336,906
Other financing sources	-	-	-	-
Total revenue	6,730,400	6,730,400	<u>7,803,932</u>	<u>1,073,532</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>6,730,400</u>	<u>6,730,400</u>		
EXPENSES - current:				
Supplies	\$ 6,582,400	6,582,400	3,897,865	2,684,535
Contractual services	-	-	-	-
Other costs	101,000	101,000	114,367	(13,367)
Other uses	<u>47,000</u>	<u>47,000</u>	-	<u>47,000</u>
TOTAL EXPENSES BEFORE DEPRECIATION	6,730,400	6,730,400	4,012,232	2,718,168
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>6,730,400</u>	<u>6,730,400</u>	<u>4,012,232</u>	<u>2,718,168</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	LOCAL PUBLIC BODY UNEMPLOYMENT COMPENSATION			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	1,750,652	1,750,652
Insurance Assesments	1,761,700	1,761,700	20,172	(1,741,528)
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	1,761,700	1,761,700	<u>1,770,824</u>	<u>9,124</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>1,761,700</u>	<u>1,761,700</u>		
EXPENSES - current:				
Contractual services	\$ 36,000	36,000	-	36,000
Other costs	1,678,700	1,678,700	697,307	981,393
Other uses	47,000	47,000	-	47,000
TOTAL EXPENSES BEFORE DEPRECIATION	1,761,700	1,761,700	697,307	1,064,393
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>1,761,700</u>	<u>1,761,700</u>	<u>697,307</u>	<u>1,064,393</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	PUBLIC LIABILITY			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Insurance assessments	40,424,000	40,424,000	39,588,860	(835,140)
Interest	-	-	2,719,450	2,719,450
Other revenues	-	-	985,873	985,873
Other financing sources	-	-	-	-
Total revenue	40,424,000	40,424,000	<u>43,294,183</u>	<u>2,870,183</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>40,424,000</u>	<u>40,424,000</u>		
EXPENSES - current:				
In-state travel	\$ -	-	194	(194)
Contractual services	12,805,200	14,805,200	10,609,827	4,195,373
Other costs	24,587,700	22,587,700	13,729,667	8,858,033
Other uses	<u>3,031,100</u>	<u>3,031,100</u>	-	<u>3,031,100</u>
TOTAL EXPENSES BEFORE DEPRECIATION	40,424,000	40,424,000	24,339,688	16,084,312
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>40,424,000</u>	<u>40,424,000</u>	<u>24,339,688</u>	<u>16,084,312</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued**

YEAR ENDED JUNE 30, 2007

	SURETY BOND			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	67,810	67,810
Other revenues	-	-	600	600
Other financing sources	-	-	-	-
Total revenue	-	-	<u>68,410</u>	<u>68,410</u>
Cash balance	<u>137,600</u>	<u>148,200</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>137,600</u>	<u>148,200</u>		
EXPENSES - current:				
Contractual services	\$ 56,700	67,300	-	67,300
Other costs	50,000	50,000	302,716	(252,716)
Other uses	<u>30,900</u>	<u>30,900</u>	<u>30,900</u>	-
TOTAL EXPENSES BEFORE DEPRECIATION	137,600	148,200	333,616	(185,416)
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>137,600</u>	<u>148,200</u>	<u>333,616</u>	<u>(185,416)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	WORKERS' COMPENSATION RETENTION			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Insurance assessments	15,198,100	15,198,100	14,211,664	(986,436)
Interest	-	-	59,382	59,382
Other revenues	-	-	638,058	638,058
Other financing sources	-	-	-	-
 Total revenue	 15,198,100	 15,198,100	 <u>14,909,104</u>	 <u>(288,996)</u>
 Cash balance	 -	 <u>1,786,400</u>		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ <u>15,198,100</u>	 <u>16,984,500</u>		
 EXPENSES - current:				
Contractual services	\$ 3,169,100	3,169,100	1,185,156	1,983,944
Other costs	10,157,300	11,943,700	20,177,930	(8,234,230)
Other uses	<u>1,871,700</u>	<u>1,871,700</u>	<u>1,871,700</u>	-
 TOTAL EXPENSES BEFORE DEPRECIATION	 15,198,100	 16,984,500	 23,234,786	 (6,250,286)
 DEPRECIATION NOT BUDGETED	 -	 -	 -	 -
 TOTAL EXPENSES	 \$ <u>15,198,100</u>	 <u>16,984,500</u>	 <u>23,234,786</u>	 <u>(6,250,286)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	EMPLOYEE ASSISTANCE PROGRAM			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES:				
Service fees	\$ -	-	60,011	60,011
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	322,307	322,307
Other financing sources	<u>525,500</u>	<u>525,500</u>	-	<u>(525,500)</u>
Total revenue	525,500	525,500	<u>382,318</u>	<u>(143,182)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>525,500</u>	<u>525,500</u>		
EXPENSES - current:				
Contractual services	\$ 525,500	525,500	524,875	625
Other costs	-	-	-	-
TOTAL EXPENSES BEFORE DEPRECIATION	525,500	525,500	524,875	625
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>525,500</u>	<u>525,500</u>	<u>524,875</u>	<u>625</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	PUBLIC PROPERTY RESERVE			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Insurance assesments	6,987,300	6,987,300	6,002,130	(985,170)
Interest	-	-	350,781	350,781
Other revenues	-	-	769,220	769,220
Other financing sources	-	-	-	-
 Total revenue	 6,987,300	 6,987,300	 <u>7,122,131</u>	 <u>134,831</u>
 Cash balance	 -	 <u>10,666,600</u>		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ <u>6,987,300</u>	 <u>17,653,900</u>		
 EXPENSES - current:				
Contractual services	\$ 3,830,500	3,830,500	-	3,830,500
Other costs	3,000,000	13,666,600	8,414,618	5,251,982
Other uses	<u>156,800</u>	<u>156,800</u>	<u>156,800</u>	-
 TOTAL EXPENSES BEFORE DEPRECIATION	 6,987,300	 17,653,900	 8,571,418	 9,082,482
 DEPRECIATION NOT BUDGETED	 -	 -	 -	 -
 TOTAL EXPENSES	 \$ <u>6,987,300</u>	 <u>17,653,900</u>	 <u>8,571,418</u>	 <u>9,082,482</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Revenues and Expenses -
Major and Non-Major Enterprise Funds -
Budget and Actual (Modified Accrual Budgetary GAAP Basis) - continued

YEAR ENDED JUNE 30, 2007

	GROUP INSURANCE PREMIUM STABILIZATION			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts	Final Budget
			(Budgetary Basis)	Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Insurance assessments	243,678,400	278,678,400	255,635,185	(23,043,215)
Interest	-	-	2,017,418	2,017,418
Other revenues	-	-	1,553,016	1,553,016
Other financing sources	-	-	-	-
Total revenue	243,678,400	278,678,400	<u>259,205,619</u>	<u>(19,472,781)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>243,678,400</u>	<u>278,678,400</u>		
EXPENSES - current:				
Contractual services	\$ 16,526,000	22,526,000	18,217,731	4,308,269
Other costs	226,270,500	255,270,500	257,491,543	(2,221,043)
Other uses	<u>881,900</u>	<u>881,900</u>	<u>881,900</u>	-
TOTAL EXPENSES BEFORE DEPRECIATION	243,678,400	278,678,400	276,591,174	2,087,226
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>243,678,400</u>	<u>278,678,400</u>	<u>276,591,174</u>	<u>2,087,226</u>

MAJOR AND NON-MAJOR FUNDS - continued

FIDUCIARY FUNDS:

Risk Management Division

- **The Insurance Carrier Premiums** (Fund 56100) was established in fiscal year 2001 to hold both the employer's and employee's share of vision, long-term care and life insurance premiums until they are remitted to the Davis Vision and Prudential insurance companies. The premiums are collected from state agencies, participating local public bodies and their employees.

Purchasing Division

- **The Bond Securities** (Fund 75100) is used to account for bid securities of contractors bidding on construction projects who elect to remit cash directly to State Purchasing instead of obtaining bonding from a surety company.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Combining Statement of Fiduciary Assets and Liabilities -
Agency Funds**

YEAR ENDED JUNE 30, 2007

	75100	56100	
	Agency Fund Bond Securities	Agency Fund Insurance Carrier Premiums	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash	\$ 34,943	819,995	854,938
Due from other funds	<u> -</u>	<u>81,930</u>	<u>81,930</u>
TOTAL ASSETS	\$ <u>34,943</u>	<u>901,925</u>	<u>936,868</u>
LIABILITIES:			
Accounts payable	\$ -	6	6
Deposits held for others	<u>34,943</u>	<u>901,919</u>	<u>936,862</u>
TOTAL LIABILITIES	\$ <u>34,943</u>	<u>901,925</u>	<u>936,868</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Schedule of Changes in Assets and Liabilities - Agency Funds

YEAR ENDED JUNE 30, 2007

	<u>Balance as of June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2007</u>
ASSETS:				
Cash	\$ 1,507,923	8,305,960	8,958,945	854,938
Due from other funds	<u>-</u>	<u>81,930</u>	<u>-</u>	<u>81,930</u>
TOTAL ASSETS	\$ <u>1,507,923</u>	<u>8,387,890</u>	<u>8,958,945</u>	<u>936,868</u>
LIABILITIES:				
Accounts payable	\$ 6	-	-	6
Deposits held in custody for others	<u>1,507,917</u>	<u>8,106,970</u>	<u>8,678,025</u>	<u>936,862</u>
TOTAL LIABILITIES	\$ <u>1,507,923</u>	<u>8,106,970</u>	<u>8,678,025</u>	<u>936,868</u>

**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. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department 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, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of the State of New Mexico General Services Department (the Department), as of and for the year ended June 30, 2007. We also have audited the financial statements of each of the department's nonmajor governmental, fiduciary, and nonmajor enterprise funds presented as supplementary information in the combining and individual fund financial statements and schedules as of and for the year ended June 30, 2007, and have issued our report thereon dated February 20, 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 in order to determine 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.

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Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department and
Mr. Hector H. Balderas
New Mexico State Auditor

Internal Control Over Financial Reporting - continued

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 a 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 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 responses to be significant deficiencies in internal control over financial reporting (02-03, 05-05, 05-06, 05-07, 06-01, 06-04, 06-09, 06-10, 06-14, 06-16, 06-17, 06-20 through 06-25, 07-01 and 04-01).

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 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 items 06-04, 06-14, 06-22 and 04-01 to be material weaknesses.

Compliance and Other Matters

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

Mr. Arturo L. Jaramillo, Secretary
State of New Mexico
General Services Department and
Mr. Hector H. Balderas
New Mexico State Auditor

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

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

Meyners + Company, LLC

February 20, 2009

B. FINDINGS - FINANCIAL STATEMENT AUDIT

02-03 TRUST FUNDS – RISK MANAGEMENT DIVISION (Significant Deficiency)

Condition: The Insurance Carrier Premiums Fund (Fund 561) was established in fiscal year 2001 to hold both the employer's and employees' share of vision, long-term care and life insurance premiums until they are remitted to insurance providers. The premiums collected from state agencies, participating local public bodies and their employees have not been adequately reconciled. Consequently, the fund has undistributed receipts that could represent excess collections or undistributed receipts.

Criteria: Amounts held in trust should be cleared in a timely manner and reconciled to ensure proper accountability.

Cause: Prior to implementing a benefit tracking system, premiums were calculated manually, which caused some unreconciled differences between actual premiums collected and premiums due.

Effect: Undistributed receipts may not be properly accounted for, resulting in over or under distributions of premiums.

Recommendation: The Department should establish procedures to ensure timely reconciliation and tracking of all benefit premiums.

Management's Response: The Department concurs with this finding. At the time this finding was reported, the Risk Management Division had restored the process to clear balances on a monthly basis.

04-01 GENERAL LEDGER RECONCILIATION (Material Weakness)

Condition: Timely and accurate financial reporting is critical to the management of the Department. The Administrative Services Division (ASD) is responsible for the accounting and reporting for all divisions of the Department. In addition, with the Department being an internal service fund for the State, the billing and collecting policies and procedures reflect on every other department within the State that utilizes the services of the Department.

General ledger accounts were not properly reconciled throughout the year. Specifically, these were the suspense receipt account, payroll taxes payable account, due to and from other fund accounts, third party payroll liabilities, capital asset balances, accounts payable and investment held with the New Mexico State Treasurer's Office account.

In addition, although the Department employs an internal auditor, there were no audits performed during the year related to financial activity. The internal audit function, if properly established, could be an effective tool in strengthening internal controls and identifying fraud and errors should they occur.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

04-01 GENERAL LEDGER RECONCILIATION (Material Weakness) - continued

Condition - continued: Currently, all accounting tasks seem to be the responsibility of a couple of individuals within the Administrative Services Division. The review process for financial reporting by knowledgeable staff also appears to be lacking. This creates a significant risk to the Department.

Criteria: DFA's Model Accounting Practices (Volume 1, Chapter 8, Section 3.2) requires monthly reconciliations of all accounts. Individual accounts should be reconciled on a monthly basis. Discrepancies and inconsistencies should be investigated as soon as they are discovered.

Our testing revealed that accounting systems were not maintained currently during the fiscal year.

Cause: During the current fiscal year, the Department implemented a new accounting system. Management had identified accounts of concern, but lack of proper SHARE system training and management oversight allowed the accounts mentioned above to be materially misstated. Corrections and reconciliations to the accounts were not performed until a recommendation was made by the auditors.

Effect: Constant problems in receiving and reporting timely and current financial information throughout the year can significantly impact management's ability to effectively guide the Department and the divisions within the Department. In addition, errors or fraud may not be prevented or discovered without proper, consistent and timely reconciliations and financial statement generation. ASD should be support to the other divisions within the Department. When financial information is inaccurate or untimely, the divisions do not receive the support they need.

Recommendation: We recommend management review the current responsibilities of the ASD staff. This review should include an assessment of current responsibilities and the strengths and weaknesses of the individuals involved. Tasks should then be reassigned to separate responsibility for the individual funds. We recommend that this include primary responsibility for all accounting and financial analysis and review responsibility by a separate member of the team. Responsibilities should require monthly reconciliation of all accounts and transactions within the funds prior to generating monthly financial statements.

We also recommend that the internal audit process be strengthened and that an annual plan be developed that includes financial areas with higher risk for misstatement.

Management's Response: The response to this finding in the fiscal year 2005 audit report addressed the need to recruit qualified staff and to reorganize the Administrative Services Division. At the time this response is being written, we have hired qualified staff, though the overall staffing level is not sufficient to meet all of the responsibilities identified.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

04-01 GENERAL LEDGER RECONCILIATION (Material Weakness) - continued

Management's Response - continued: The lack of an internal audit function keeps the Department at an unnecessarily high risk of error, misconduct, fraud and misappropriation of assets. The Department will request a full time position for an internal auditor in the fiscal year 2010 appropriation request.

05-05 SIGNIFICANT DEFICIT IN NET ASSET ACCOUNTS

Condition: The State of New Mexico manages its risks internally and sets aside assets for claim settlement through the Risk Management Division of the General Services Department. As of June 30, 2007, enterprise funds established to manage the risk of loss exposure for public liability and workers' compensation had deficit fund balances of \$50,837,887 and \$28,330,771, respectively.

Criteria: Good business and accounting practices require that management evaluate liquidity needs and establish a plan to meet obligations as they become due.

Cause: Expenditures and accrued liabilities in excess of billings to other State Agencies and Departments.

Effect: If the billings are not matched closer to the expenditures and liabilities, the State risks not having funds available to pay claims. In addition, there could be an over-billing in future years to cover expenditures that would be billed to agencies or departments that did not participate in the current period loss.

Recommendation: We recommend that the State review the liability and the risk as it relates to the funding and premium levels currently established. The review should include an analysis of future expected cash flows and run-out projections of known claims and historical claim experiences to ensure that funding levels are adequate to meet current and future needs of the Risk Management Division.

Management's Response: The Department concurs with this finding.

The Department also recognizes that the actuarial soundness level of the risk funds is a policy decision based on the state's revenues. The Department's plans to strengthen the risk funds were only successful with the Workers' Compensation Retention fund.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-06 TIMELY COMPLETION OF ACCOUNTING FUNCTION – LATE AUDIT REPORT

Condition: The Department did not timely reconcile accounts and close the books; therefore, the fiscal year 2007 audit report was not completed by the final extended deadline of December 15, 2007. The audit report was submitted to the State Auditor's Office on March 16, 2009.

Criteria: Section 12-6-3, NMSA 1978, as amended by House Bill 219, and 2.2.2.9 NMAC requires the audit report to be filed with the State Auditor's Office by December 15, 2007.

Cause: Staff turnover and control weaknesses listed in findings above.

Effect: The Department's audited financial statements were not completed timely. The audited results for FYE June 30, 2007, were not available for review by management or other users of the financial statements.

Recommendation: We recommend that the Department follow the applicable statutory requirements.

Management's Response: GSD agrees with the cause for this finding and has an ongoing objective of addressing the need to recruit and retain qualified financial and budget staff.

05-07 BUDGET OVERAGES – Repeated and Updated

Condition: In FY07, the Department overspent budget by category in the following funds: Tobacco Tax; DOH Facilities, Purchasing Division Fees, Procurement Assistance, Capital Buildings Repair, 2004 Appropriations, 2005 Appropriations, Administrative Services Division, State Transportation Pool, State Aircraft Pool, Office of Information Processing, Communications Division, Digital Microwave, State Printing, State Unemployment Compensation, Public Liability, Human Resources System, Risk Management Operating, Surety Bond, Worker's Compensation Retention and Group Insurance Premium Stabilization Fund.

Criteria: According to State Auditor Rule 2.2.2.10, if an agency's expenditures exceed its budget in any category, this fact must be disclosed in a finding.

Cause: The Department did not monitor its budget and missed the opportunity to submit a Budget Adjustment Request. The Department failed to submit a budget adjustment request to eliminate the excess of budget to expenditures.

Effect: The Department is out of compliance with statutory requirements to obtain approval prior to making expenditures.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-07 BUDGET OVERAGES – Repeated and Updated - continued

Recommendation: The budget needs to be monitored and adjustments made on a timely basis in order to avoid overages.

Management's Response: The Department concurs with this finding.

06-01 INCOMPLETE PERSONNEL FILES (Reportable Condition) - Updated

Condition: During our review of the personnel files, it was noted that one personnel file did not contain a W-4 form.

Criteria: According to Personnel Act (10-9-1 to 10-9-25 NMSA 1978), personnel files should be adequately maintained.

Cause: The Department does not have effective procedures in place to obtain the required personnel and payroll information.

Effect: Employee files appear incomplete and in noncompliance with Personnel Act (10-9-1 to 10-9-25 NMSA 1978).

Recommendation: We recommend that a policy be established requiring this documentation in all employees' personnel files.

Management's Response: The Human Resources Bureau has implemented a checklist that will enable the HR administrators to verify completion and receipt of all required forms. The Bureau will also institute an internal audit process in FY08, provided the requested FTE is approved. Files will be randomly audited for accuracy.

06-04 MISSING SUPPORTING DOCUMENTATION (Material Weakness) - Revised

Condition: During our testwork over cash receipts, the Department was unable to locate eight out of forty cash receipt packets requested by the auditors.

Criteria: As a state agency, the Department must follow the existing MAPs procedures for documentation of proof of deposits. As described in MAPs (FIN2.4), authorized by Section 6-5-2, NMSA 1978.

Cause: Lack of effective internal controls and procedures regarding the process over documentation of proof of deposits

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-04 MISSING SUPPORTING DOCUMENTATION (Material Weakness) – Revised - continued

Effect: Potential misclassification of revenue.

Recommendation: We recommend that the Department follows the procedures outlined in MAPs regarding documentation of proof of deposits.

Management's Response: Management concurs with this finding. The Department has a published policy, http://www.generalservices.state.nm.us/asd/pdfpolicyfiles/350-05_024.pdf, which specifies the process to be used in preparing deposits.

06-06 LACK OF LEAVE APPROVAL POLICY

Condition: Written procedures are not followed consistently for advance leave approval. Most of the supervisors develop their own method of pre-approval, such as an e-mail.

Criteria: According to the Department's *Leave Request and Approval Policy* all employees are required to request any and all types of leave in advance. Supervisors or their designee must approve or disapprove all requests for leave

Cause: Established procedures and internal controls were not followed.

Effect: Possibility of leave being paid inappropriately.

Recommendation: We recommend the Department establish procedures to ensure that the leave time is reported and approved as noted in the policy.

Management's Response: GSD has a *Leave Request and Approval Policy* on its web site: (http://www.generalservices.state.nm.us/hrm/pdfpolicyfiles/350-2_31.pdf). The link is on the HR Bureau's web page. The policy clearly states that leave requests must be approved in advance of any leave taken.

Auditors' Response: The leave policy noted was not provided during the audit. We have adjusted the finding to reflect that a policy exists but is not consistently followed.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-09 LACK OF CREDIT CARD LIMIT AUTHORIZATION POLICY

Condition: The credit limit for a cardholder was authorized for \$2,000 on the bank statement; however, the credit card holder list indicated the credit limit of \$1,500. The credit limit for a second card holder indicated \$3,000; however, the amount was not authorized in writing. For an additional four employees, the credit card holder list was not updated; nevertheless, e-mails to verify the credit card limit increases were authorized and were in place.

Criteria: Written documentation of policies should be in place to keep track of credit limit approvals.

Cause: Lack of effective procedures and internal controls regarding the credit limit approvals.

Effect: Employees could make unauthorized purchases.

Recommendation: We recommend establishing procedures to ensure that credit cards limits are properly approved and the credit card holders list is updated in a timely manner.

Management's Response: GSD has implemented a policy for increasing Pcard limits that requires an e-mail from the card holder's supervisor. This is followed up by a confirmation on paper sent to the supervisor, who must initial his or her approval of Pcard holder, Pcard number, and Pcard limit. The GSD policy on Pcards has been updated to reflect this process.

06-10 LACK OF OVERTIME REPORTING

Condition: Division directors do not provide overtime reports to the Cabinet Secretary on a monthly basis.

Criteria: GSD Administrative Manual Section 6.3.3 stipulates division directors report all overtime to the Cabinet Secretary and Deputy Secretary on a monthly basis.

Cause: Established procedures and internal controls were not followed.

Effect: Overtime is not monitored by the Cabinet Secretary or Deputy Secretary. Division directors may allow use of overtime with less stringency since they do not have to explain the use to the Cabinet Secretary's office.

Recommendation: Follow procedures as outlined by the Administrative Manual regarding overtime to ensure control.

Management's Response: Management agrees with this finding. Division directors have been reminded to comply with the Department's published overtime reporting policy.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-14 LACK OF YEAR-END INVENTORY COUNT (Material Weakness)

Condition: The Department did not conduct inventory counts for all inventories on hand at the end of the year. In two funds (362 and 369, supplies and parts), the balance in the general ledger was unchanged from the prior year and the Department was not able to provide a detail for an inventory count at year end.

Criteria: Inventory must be recognized and recorded in accordance with Generally Accepted Accounting Principles and the Manual of Model Accounting Practices (MAPs). As described in MAPs FIN 10 and Sections 6-5-2, NMSA 1978.

Cause: Based on the criteria above, the Department does not have effective procedures in place to correctly and consistently account for on-hand inventory.

Effect: Inaccurate inventory balances are presented on the financial statements. In addition, the possibility of misappropriation of assets is highly increased.

Recommendation: All departments that hold inventory should conduct year-end inventory counts in conjunction with the Department's Administrative Services Department.

Management's Response: GSD management recognizes that parts and supplies inventories in these two funds require at least a year-end count. The managers of these two funds did not enforce the rules.

06-15 IMPROPER DISPOSAL OF CAPITAL ASSETS (Reportable Condition)

Condition: The Department disposed of capital assets without receiving approval from the State Auditor's Office. A total of \$1,840,221 in items was disposed of during the fiscal year.

Criteria: State Auditor Rule 2.2.2.10 states that at least thirty days prior to any disposition of property on the agency inventory list described in Subsection Y of 2.2.2.10 NMAC, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action must be sent to the State Auditor

Cause: Lack of effective internal controls associated with the disposition of property.

Effect: Not in compliance with the State Auditor Rule 2.2.2.10 requirements pertaining to the disposition of property.

Recommendation: We recommend that internal controls associated with the disposition of property be established and followed.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-15 IMPROPER DISPOSAL OF CAPITAL ASSETS (Reportable Condition) - continued

Management's Response: Management agrees with this finding. A detail level review of the capital assets related to this finding showed that not all enterprise program managers were aware of the capital asset disposal process. The Department will address this in two ways: (1) with training for its Division Directors on the procedures used to dispose of capital assets, and (2) verification of asset numbers entered into the capital asset system.

06-16 DUE TO/DUE FROM FUNDS TRACKING

Condition: Due to/Due from other funds and/or other state agencies is included in the subsidiary ledgers for accounts receivable and accounts payable.

Criteria: To assure accurate reporting, cash transfers should be properly recorded and classified in the accounting records and to safeguard cash, cash transfers must be recorded following the procedures used to record the receipt and the outflow of money. As described in MAPs FIN3, authorized by Section 6-5-2, NMSA 1978.

Cause: Lack of effective procedures and internal controls to ensure that cash transfers are properly categorized to reflect the financial events that are being recorded in the financial records

Effect: Account balances and required footnote disclosures could be misstated

Recommendation: We recommend the Department record and track these accounts in separate subsidiary ledgers and perform monthly reconciliations from subsidiary ledgers to the general ledger to ensure accuracy.

Management's Response: The Department concurs with this finding. At the time this response is being written, post-SHARE implementation, ASD has sufficient staff and a monthly process in place to record and reconcile due to/due from accounts for all funds.

06-17 LACK OF DOCUMENTATION FOR OPERATING LEASES

Statement of Condition: During the testwork of operating leases, we were not provided with all copies of the leases; therefore, we were unable to verify completeness and valuation. In addition, the operating lease schedule provided by the Department did not agree to the general ledger for lease expenses.

Criteria: The Department should maintain copies of all signed lease agreements. The operating lease schedule should agree to future minimum lease payments as well as the current lease expenditures for the fiscal year.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-17 LACK OF DOCUMENTATION FOR OPERATING LEASES - continued

Cause: Lack of adequate procedures and review process.

Effect: Lease expenses and the required footnote disclosure could be misstated.

Recommendation: We recommend the Department develop and maintain an internal policy and procedure to track all active lease agreements and prepare schedules to support required footnote disclosures. We also recommend that the Department reconcile lease expenses to the schedule based on individual lease terms.

Management's Response: The Department agrees with this finding. The Department now maintains copies of all operating leases from all divisions in a file at ASD.

06-20 MISSING FILES FOR CLAIMS (Reportable Condition)

Condition: During the test work of the Risk Management Division (RMD), we were not provided with two claim files for public liability and one claim file for worker compensation; therefore, we were unable to verify completeness and valuation.

Criteria: Each division in RMD should maintain all claim files filed.

Cause: Lack of effective procedures and internal controls over the maintenance and documentation of claim files

Effect: Payments could be made to vendors that do not exist.

Recommendation: We recommend the division in RMD maintain all claim files and develop an organized process for sending claim files to storage.

Management's Response: Management concurs with this finding. During FY06, files were maintained on two floors. These files are now located in a central area of the Property and Casualty Bureau. File storage space requirements have been reduced and processing is more efficient.

06-22 CAPITAL ASSETS – CONSTRUCTION IN PROGRESS (Material Weakness)

Condition: During the testwork of capital assets in the government funds, it was noted that the beginning balances of construction in process and land could not be reconciled to the ending balances of the prior year. Also, capital outlay did not agree to the construction in process additions documented on the rollforward for construction in process, nor was there a reconciliation noting an ending variance.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-22 CAPITAL ASSETS – CONSTRUCTION IN PROGRESS (Material Weakness) - continued

Criteria: State agencies shall record and report state owned capital assets in accordance with state law, and GAAP. As described in MAPs FIN6, authorized by Section 6-5-2, 13-6-1, NMSA 1978 and GSD Rule 88-101

Cause: Lack of effective procedures and internal controls in recording additions of capital assets or in construction in progress.

Effect: Capital asset balances at the government-wide level could be materially misstated.

Recommendation: We recommend a thorough reconciliation process be put in place to ensure capital outlay additions agree to additions in the capital assets and/or construction and process. Also, the Department needs to ensure they keep adequate records so ending balances for one year become the beginning balances for the following year.

Management's Response: Management agrees with this finding. GSD was unable to obtain the working papers related to what appears to be a prior period adjustment from our prior auditors. As of May, 2008, the Department has an individual who is reconciling land and completed construction projects to verify the ending balances as of June 30, 2005.

06-23 LACK OF ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Condition: The Department has not adopted a methodology for reviewing the collectability of the accounts receivable in the business-type activities and enterprise funds, and has not established an amount, if any, needed to be recognized for an allowance for uncollectible accounts in these funds. However, we were able to test subsequent receipts to estimate the applicable allowance for uncollectible accounts.

Criteria: Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables as part of management's estimates.

Cause: Lack of effective procedures and methodology over the allowance for uncollectible accounts.

Effect: Potential overstatement of accounts receivable balances.

Recommendation: We recommend that management adopt a methodology to establish these estimates.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-23 LACK OF ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS - continued

Management's Response: Management agrees with this finding.

The Administrative Services Division has proposed a methodology to measure and manage uncollectible accounts for enterprise funds, but not all of it has been implemented at the time this response is being written.

The Department has hired an individual to monitor aged accounts receivable, and to take the role as primary liaison between GSD internal service fund managers and clients with aged receivables. A corresponding process at the business managers' level has not been yet implemented.

06-24 UNPAID REVERSIONS TO STATE GENERAL FUND

Condition: Reversions have not been paid on a timely basis to the State General Fund. As of June 30, 2007, a reversion liability of approximately \$70,000 remains unpaid from prior years.

Criteria: Section 6-5-10, NMSA 1978 requires all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the Central Accounting System as of June 30 to revert to the General Fund by September 30.

Cause: Lack of effective procedures and internal controls over reversions due to the State General Fund

Effect: Noncompliance with Section 6-5-10, NMSA 1978, and \$70,000 negative effect on New Mexico State General Fund.

Recommendation: We recommend establishing effective procedures and internal controls to ensure timely payment of reversions to the State General Fund.

Management's Response: The Department concurs with this finding.

The unpaid reversion was the result of general fund revenue being used to inappropriately pay a liability of another fund. The transfer was made by the Department's budget office, which at the time had the authority to process operating transfers. This authority was not consistent with the Department's intent to strengthen internal controls, and the authority has been removed.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-25 FUND BALANCE DEFICITS

Condition: During audit fieldwork, it was noted that both the Laws of 2000 and Laws of 2003 capital project funds had a deficit in fund balance at year end. A capital project fund should only expend resources to the extent of current year revenues, other financing sources and/or positive fund balance.

Criteria: 2.2.2.10 NMAC Section P – Actual expenditures that exceed budgeted expenditures should be reported as a finding.

Cause: Management oversight.

Effect: Over-expending of funds and non-compliance with 2.2.2.10 NMAC Section P.

Recommendation: We recommend the Department implement proper management oversight over the expenditure function to ensure expenditures do not exceed resources.

Management's Response: Management agrees with this finding. These should be corrected in fiscal year 2009 upon research by the Property Control Division of the initial over-expenditure, which occurred in prior years.

07-01 JOURNAL ENTRY APPROVAL (Significant Deficiency)

Condition: During journal entry testwork, it was noted that some entries created by an outside agency, the Department of Finance and Administration (DFA) were both not known and/or approved by the management of the Department.

Criteria: As a state agency, the Department must follow the existing MAPs procedures for journal entries. As described in MAPs (FIN3.7 – 3.11), authorized by Section 6-5-2, NMSA 1978.

Cause: Lack of effective procedures and understanding of MAPs has created this condition.

Effect: If AJEs are not reviewed and approved, it is possible that inappropriate entries may be made that may cause misstatements to the financial statements.

Recommendation: The Department should actively monitor all changes made to the general ledger. When journal entries are posted by DFA, they should be presented with supporting documentation to the management of the Department, approved and kept on file with all other journal entries posted internally by the Department.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

07-01 JOURNAL ENTRY APPROVAL (Significant Deficiency) - continued

Management's Response: The Department will monitor all changes made to the general ledger. The Department will send a written request to the Department of Finance and Administration (DFA) Director of Finance Control Division requesting that the General Services Department receive copies of all back up of any proposed journal entries. The General Services Department will request that journal entries not be posted by DFA without written concurrence from the Department's Chief Financial Officer or Bureau Chief of the General Ledger Section. Supporting documentation approving the transaction will be kept on file with other journal entries posted internally by the Department.

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Summary Schedule of Prior Year Audit Findings

- 02-03 Trust Funds – Risk Management Division – Repeated
 - 04-01 Reporting and Timely Reconciliations – Repeated and Updated
 - 05-05 Significant Deficit in Net Asset Accounts – Repeated
 - 05-06 Timely Completion of Accounting Function – Repeated
 - 05-07 Compliance – Actual Expenditures/Revenues Exceed Budgeted Expenditures/Revenues – Repeated
 - 06-01 Incomplete Personnel Files (Reportable Condition) – Repeated and Updated
 - 06-02 Incorrect Pay Rates (Reportable Condition) – Resolved
 - 06-03 Missing Personnel Action Form – Resolved
 - 06-04 Missing Supporting Documentation (Reportable Condition) – Repeated and Revised
 - 06-05 Cash Receipt Not Deposited Timely – Resolved
 - 06-06 Lack of Leave Approval Policy – Repeated
 - 06-07 Incorrect Per Diem Payment (Reportable Condition) – Resolved
 - 06-08 Missing Documentation (Material Weakness) – Resolved
 - 06-09 Lack of Credit Card Limit Authorization Policy – Repeated
 - 06-10 Lack of Overtime Reporting – Repeated
 - 06-11 Incorrect Pay Rate in Payroll Register (Reportable Condition) – Resolved
 - 06-12 Incorrect Gross Pay Calculation (Material Weakness) – Resolved
 - 06-13 Estimated Increases/Decreases for Compensated Absences (Material Weakness) - Resolved
 - 06-14 Lack of Year-end Inventory Count (Material Weakness) – Repeated
 - 06-15 Improper Disposal of Capital Assets (Reportable Condition) – Repeated
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- 06-16 Due To/Due From Funds Tracking – Repeated
 - 06-17 Lack of Documentation for Operating Leases – Repeated

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Summary Schedule of Prior Year Audit Findings - continued

- 06-18 Missing Initial Incident Report (Reportable Condition) – Resolved
- 06-19 Missing Supporting Documentation for Claims (Reportable Condition) – Resolved
- 06-20 Missing Files for Claims (Reportable Condition) – Repeated
- 06-21 Missing Supporting Documentation for Internal Account Balances – Updated in finding 06-16
- 06-22 Capital Assets – Construction in Progress (Material Weakness) – Repeated
- 06-23 Lack of Allowance for Uncollectible Accounts – Repeated
- 06-24 Unpaid Reversions to State General Fund – Repeated
- 06-25 Fund Balance Deficits – Repeated

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Exit Conference

An exit conference was held with the Department on January 28, 2009. The conference was held at the offices of the General Services Department in Santa Fe, New Mexico. In attendance were:

STATE OF NEW MEXICO GENERAL SERVICES DEPARTMENT

Arturo Jaramillo, Cabinet Secretary
Marilyn Hill, Deputy Cabinet Secretary
Robert Andermann, ASD Director
Kathryn Salinger, Budget Director
Madelyn Gutierrez, HR Director
Mike Wilson, Risk Director
George McGeorge, Deputy Director of Finance
Kelly Muniz, Accountant
Cameron Hull, ASD Finance Manager
Sherri Bowers, Accountant

MEYNER + COMPANY, LLC

Georgie Ortiz, CPA, CGFM, Principal
Raul J. Anaya, CPA, CGFM, Supervising Senior

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditor's Report.