

STATE OF NEW MEXICO
GENERAL SERVICES
DEPARTMENT
Financial Statements
for the Year Ended
June 30, 2008,
and Independent
Auditors' Report

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

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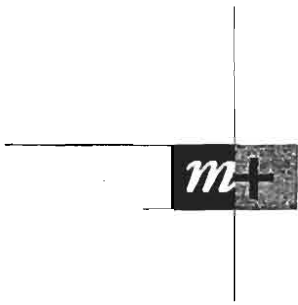
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STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Official Roster

Year Ended June 30, 2008

Office of the Secretary

Title

Arturo L. Jaramillo
Pamelya Herndon
Marilyn Hill
Robert Andermann

Secretary
Deputy Secretary
Deputy Secretary
Chief Financial Officer

Division Directors

Karen Baltzley
Robert Andermann
Mike Wilson
David Simpson
Bill Taylor
Michael C. Vinyard
Porfirio Perez, Jr.

Information Services Division
Administrative Services Division
Risk Management Division
Building Services Division
Property Control Division
Purchasing Division
Transportation Services 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, 2008, 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, 2008, 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

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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

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, 2008, 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's 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, 2008, 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, 2008, 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 April 15, 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.

Mayners + Company, LLC

April 15, 2009

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

**Management's Discussion and Analysis
Year Ended June 30, 2008**

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, 2008. 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, 2008. 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, 2008

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, 2008**

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, 2008. Total Department net assets for fiscal year FY08 were \$346,146,357. 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, 2008 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, 2008

Financial Analysis of the Department as a Whole - continued

The larger part of the Department's restricted net assets (75%) 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 \$265,894,910 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 2008 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	\$	(54,711,761)
Workers' Compensation Retention	\$	(32,640,898)
Group Insurance Premium Stabilization	\$	(11,861,527)

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

	<u>FY2008</u>	<u>FY2007</u>	<u>Percent Change</u>
Assets:			
Current and Other Assets	\$ 222,203,346	234,701,740	-5%
Capital Assets	<u>348,855,023</u>	<u>362,032,090</u>	<u>-4%</u>
Total Assets	571,058,369	596,733,830	-4%
Liabilities:			
Current Liabilities	117,026,528	145,172,720	19%
Long term Obligations	<u>107,885,484</u>	<u>104,925,238</u>	<u>-3%</u>
Total Liabilities	224,912,012	250,097,958	10%
Net Assets:			
Invested in Capital Assets	348,855,023	362,032,090	-4%
Restricted	263,186,244	208,116,231	26%
Unrestricted	<u>(265,894,910)</u>	<u>(223,512,449)</u>	<u>-19%</u>
Total Net Assets	<u>\$ 346,146,357</u>	<u>346,635,872</u>	.1%

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Management's Discussion and Analysis - continued
Year Ended June 30, 2008

Financial Analysis of the Department as a Whole - continued

Changes in Net Assets: The Department's change in net assets for fiscal year FY08 was a decrease of \$489,515 (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, 96%, of the Department's revenues came from program revenues. Approximately 91% of these revenues came from service fees and insurance premiums collected from all state agencies, participating local public bodies and their employees. Only 4% 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 \$431,090,775, 73% of this amount, or \$315,898,725, 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. \$69,933,922, or 16%, of the total cost pertains to public liability administration and claims payments.

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

	<u>FY2008</u>	<u>FY2007</u>	<u>Percent Change</u>
Revenue:			
Program Revenues:			
Charges for Services	\$ 19,799,649	64,821,568	-70%
Severance Tax Bond Proceeds	19,508,389	2,376,358	720%
Risk Management	<u>373,246,626</u>	<u>320,503,934</u>	<u>16%</u>
Total Program Revenues	412,554,664	387,701,860	6%
General Revenues	<u>18,046,596</u>	<u>86,525,046</u>	<u>-80%</u>
Total Revenue	430,601,260	474,226,906	10%
Expenses:			
Employee Group Benefits	315,898,725	283,002,443	-12%
Information Technology	-	37,606,206	100%
Risk Management	69,933,922	51,736,599	-35%
Other Expenses	<u>45,258,128</u>	<u>42,903,517</u>	<u>-5%</u>
Total Expenses	<u>431,090,775</u>	<u>415,248,765</u>	<u>-4%</u>
Increase (Decrease) in Net Assets	<u>\$ (489,515)</u>	<u>58,978,141</u>	-12,148%

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Management's Discussion and Analysis - continued
Year Ended June 30, 2008

Financial Analysis of the Department as a Whole - continued

Governmental Activities: Revenues of governmental activities decreased to \$65,379,314. This decrease was largely due to the economy and residuals from the split with the Department of Information Technology.

The cost of all governmental activities this year increased to \$24,283,946.

Business-type Activities: The cost of all business-type activities was \$406,806,829. Those who benefited from the services funded approximately \$392,418,796, 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 \$65,379,314, a decrease of 13% from the preceding year.

Expenditures from governmental funds totaled \$39,250,557, a decrease of \$18,433,118 from fiscal year 2007. The decrease is due to the economy, decreased revenues and the separate reporting from the split with the Department of Information Technology.

Proprietary Funds: Operating revenues and net non-operating revenues of the Department's business-type activities decreased 8.5% from the previous year to \$365,221,946. 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 2% to \$406,806,829. 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 FY08, total actual revenues equaled budgeted revenues of \$15,945,800. Total expenditures were \$1,765,616 under budget due to a decrease in contractual services and other financing uses.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Management's Discussion and Analysis - continued
Year Ended June 30, 2008

Capital Assets and Debt Management

Capital Assets: The Department's investment in property and equipment decreased by \$13,177,067 in 2008 (Note 4), primarily due to decreased activity in capital projects.

Long-term Debt: The Department's only long-term debt is compensated absences payable and claims payable of \$107,885,484.

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 2008.

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 \$62,481,709 and estimated outstanding losses of \$117,193,470 shows the public liability fund to be 53 percent sound.

FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

Statement of Net Assets

AS OF JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
CURRENT ASSETS:			
State General Fund Investment Pool at the State Treasurer's Office	\$ 92,101,005	125,937,310	218,038,315
Receivables:			
Interest receivable	94,473	696,791	791,264
Accounts/trade receivable	-	6,386,138	6,386,138
Allowance for doubtful accounts	-	(4,027,647)	(4,027,647)
Due from (to) other funds	-	441,921	441,921
Due from other agencies	-	-	-
Other assets	3,804	21,532	25,336
Inventories	155,584	392,435	548,019
TOTAL CURRENT ASSETS	92,354,866	129,848,480	222,203,346
NON-CURRENT ASSETS:			
Capital assets	702,301,440	35,806,078	738,107,518
Less: accumulated depreciation	(365,708,516)	(23,543,979)	(389,252,495)
TOTAL NON-CURRENT ASSETS	336,592,924	12,262,099	348,855,023
TOTAL ASSETS	\$ <u>428,947,790</u>	<u>142,110,579</u>	<u>571,058,369</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Net Assets - continued

AS OF JUNE 30, 2008

	Primary Government		Total
	Governmental Activities	Business-type Activities	
LIABILITIES:			
CURRENT LIABILITIES:			
Bank overdraft	\$ 183,250	100,107	283,357
Claims payable	-	89,675,009	89,675,009
Accounts payable	4,006,156	7,472,699	11,478,855
Payable to Agency Fund	81,930	-	81,930
Deferred revenue	10,253,463	-	10,253,463
Accrued expenses	410,015	1,690,461	2,100,476
Due to State General Fund	866,256	-	866,256
Due to other funds	441,921	-	441,921
Due to other agencies	1,300,000	-	1,300,000
Capital leases payable	-	-	-
Accrued compensated absences	<u>239,746</u>	<u>305,515</u>	<u>545,261</u>
TOTAL CURRENT LIABILITIES	17,782,737	99,243,791	117,026,528
LONG-TERM DEBT:			
Claims payable	-	107,561,155	107,561,155
Compensated absences payable	<u>159,820</u>	<u>164,509</u>	<u>324,329</u>
TOTAL LIABILITIES	17,942,557	206,969,455	224,912,012
NET ASSETS:			
Invested in capital assets, net of related debt	336,592,924	12,262,099	348,855,023
Restricted for:			
Insurance/claims	-	197,236,164	197,236,164
Capital projects	65,950,080	-	65,950,080
Unrestricted	<u>8,462,229</u>	<u>(274,357,139)</u>	<u>(265,894,910)</u>
TOTAL NET ASSETS	<u>411,005,233</u>	<u>(64,858,876)</u>	<u>346,146,357</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>428,947,790</u>	<u>142,110,579</u>	<u>571,058,369</u>

AS OF JUNE 30, 2008

	<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	\$ 7,761,053	627,479	-	-
Procurement services	3,409,118	-	-	-
Business office space management/maintenance	443,236	-	-	-
Capital projects	<u>12,670,539</u>	<u>-</u>	<u>-</u>	<u>19,508,389</u>
TOTAL GOVERNMENTAL ACTIVITIES	24,283,946	627,479	-	19,508,389
BUSINESS-TYPE ACTIVITIES:				
Program support	9,630,298	1,311,741	-	-
Information technology	-	-	-	-
Risk management	69,933,922	373,246,626	-	-
Employee group benefits	315,898,725	6,648,877	-	-
Transportation services	<u>11,343,884</u>	<u>11,220,406</u>	<u>-</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>406,806,829</u>	<u>392,427,650</u>	<u>-</u>	<u>-</u>
TOTAL	\$ <u>431,090,775</u>	<u>393,055,129</u>	<u>-</u>	<u>19,508,389</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Activities

Net (Expenses) Revenue and Changes in Net Assets			
	Governmental Activities	Business-type Activities	Total
\$	(7,133,574)	-	(7,133,574)
	(3,409,118)	-	(3,409,118)
	-	-	-
	(443,236)	-	(443,236)
	6,837,850	-	6,837,850
	(4,148,078)	-	(4,148,078)
	-	(8,318,557)	(8,318,557)
	-	-	-
	-	303,312,704	303,312,704
	-	(309,249,848)	(309,249,848)
	-	(123,478)	(123,478)
	-	(14,379,179)	(14,379,179)
	(4,148,078)	(14,379,179)	(18,527,257)
GENERAL REVENUES:			
Intra-agency transfers	(722,100)	722,100	-
Transfers:			
Appropriations - General Fund	15,717,600	824,700	16,542,300
Reversions - General Fund	26,498	-	26,498
Other State agency transfers, net	29,468,991	(33,680,625)	(4,211,634)
Interest income	752,457	4,928,121	5,680,578
Capital projects appropriations	-	-	-
TOTAL GENERAL REVENUES	45,243,446	(27,205,704)	18,037,742
CHANGE IN NET ASSETS	41,095,368	(41,584,883)	(489,515)
BEGINNING NET ASSETS	369,909,865	(23,273,993)	346,635,872
ENDING NET ASSETS	\$ 411,005,233	(64,858,876)	346,146,357

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Balance Sheet - Governmental Funds

AS OF JUNE 30, 2008

	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	\$ 4,354,432	13,734,902	2,279,838	45,671,051	26,060,782	92,101,005
Receivables:						
Interest	1,308	81,777	7,803	-	3,585	94,473
Due from other funds	185,031	-	-	-	230,046	415,077
Due from other agencies	-	-	-	-	-	-
Other assets	3,804	-	-	-	-	3,804
Inventories	155,584	-	-	-	-	155,584
TOTAL ASSETS	\$ 4,700,159	13,816,679	2,287,641	45,671,051	26,294,413	92,769,943
LIABILITIES:						
Bank overdraft	\$ -	-	-	-	183,250	183,250
Claims payable	-	-	-	-	-	-
Accounts payable	1,090,230	207,877	-	1,040,334	1,667,715	4,006,156
Deferred revenue	-	-	-	4,214,561	6,038,902	10,253,463
Accrued expenses	339,796	-	-	-	70,219	410,015
Due to other funds	801,091	-	-	-	137,837	938,928
Due to State General Fund	560,490	-	-	-	305,766	866,256
Due to other agencies	-	-	-	1,300,000	-	1,300,000
TOTAL LIABILITIES	2,791,607	207,877	-	6,554,895	8,403,689	17,958,068
FUND BALANCES:						
Reserved for:						
Inventories	155,584	-	-	-	-	155,584
Capital projects	-	13,608,802	2,287,641	39,116,156	10,937,481	65,950,080
Unreserved	1,752,968	-	-	-	6,953,243	8,706,211
TOTAL FUND BALANCES	1,908,552	13,608,802	2,287,641	39,116,156	17,890,724	74,811,875
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,700,159	13,816,679	2,287,641	45,671,051	26,294,413	92,769,943

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS
(GOVERNMENTAL FUND BALANCE SHEET):

\$ 74,811,875

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	702,301,440
Accumulated depreciation is	<u>(365,708,516)</u>

Total capital assets	336,592,924
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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.

	<u>(399,566)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES -
(STATEMENT OF NET ASSETS)

\$ 411,005,233

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

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

AS OF JUNE 30, 2008

	Major Funds					Total Governmental
	General Fund	Capital Buildings Repair Fund	Property Control Reserve	Laws of 2006	Other Governmental Funds	
REVENUES:						
Service fees/premiums	\$ -	336,658	-	-	290,821	627,479
Federal funds	-	-	-	-	-	-
Interest income	-	659,711	92,746	-	-	752,457
Capital projects appropriations	-	-	-	-	-	-
Severance tax bond proceeds	-	-	-	10,120,531	9,387,858	19,508,389
TOTAL REVENUES	-	996,369	92,746	10,120,531	9,678,679	20,888,325
EXPENDITURES:						
Current expenditures:						
Personnel services	5,701,013	-	-	-	-	5,701,013
Employee benefits	1,970,291	-	-	-	-	1,970,291
In-state travel	3,676	-	-	-	1,426	5,102
Out-of-state travel	14,908	-	-	-	-	14,908
Maintenance and repairs	1,928,573	-	-	-	-	1,928,573
Supplies	251,722	-	-	-	-	251,722
Contractural services	418,419	-	-	-	-	418,419
Operating costs	3,409,118	-	-	-	-	3,409,118
Other costs	-	-	-	-	423,226	423,226
Capital outlay	12,164	3,471,306	2,437,307	7,070,423	12,136,985	25,128,185
TOTAL EXPENDITURES	<u>13,709,884</u>	<u>3,471,306</u>	<u>2,437,307</u>	<u>7,070,423</u>	<u>12,561,637</u>	<u>39,250,557</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,709,884)	(2,474,937)	(2,344,561)	3,050,108	(2,882,958)	(18,362,232)
OTHER FINANCING SOURCES (USES):						
Intra-agency transfer	(470,300)	(100,239)	(15,000)	(1,099,471)	962,910	(722,100)
Transfers:						
General and special appropriations	15,638,600	-	-	79,000	-	15,717,600
Reversions to State General Fund	-	-	-	-	26,498	26,498
Other State agency transfers, net	307,200	832,726	1,605,265	21,476,519	5,247,281	29,468,991
NET OTHER FINANCING SOURCES (USES)	<u>15,475,500</u>	<u>732,487</u>	<u>1,590,265</u>	<u>20,456,048</u>	<u>6,236,689</u>	<u>44,490,989</u>
NET CHANGE IN FUND BALANCES	1,765,616	(1,742,450)	(754,296)	23,506,156	3,353,731	26,128,757
BEGINNING FUND BALANCES	142,936	15,351,252	3,041,937	15,610,000	14,536,993	48,683,118
RESTATEMENT	-	-	-	-	-	-
BEGINNING FUND BALANCES, as restated	<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>
ENDING FUND BALANCES	\$ <u>1,908,552</u>	<u>13,608,802</u>	<u>2,287,641</u>	<u>39,116,156</u>	<u>17,890,724</u>	<u>74,811,875</u>

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, 2008

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

\$ 26,128,757

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:

(89,749)

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	25,128,185
Depreciation expense	<u>(10,071,825)</u>

Excess of depreciation expense over capital outlay	<u>15,056,360</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES
(STATEMENT OF ACTIVITIES)

\$ 41,095,368

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, 2008

	GENERAL FUND - TOTAL			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	15,638,600	15,638,600	15,638,600	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>307,200</u>	<u>307,200</u>	<u>307,200</u>	-
Total revenue	15,945,800	15,945,800	<u>15,945,800</u>	-
Fund balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE BUDGETED	\$ <u>15,945,800</u>	<u>15,945,800</u>		
EXPENDITURES - current:				
Personal services and employee benefits	\$ 8,733,400	8,187,200	7,671,304	515,896
Contractual services	446,000	446,000	418,419	27,581
Other	6,296,100	6,842,300	5,620,161	1,222,139
Other financing uses	<u>470,300</u>	<u>470,300</u>	<u>470,300</u>	-
TOTAL EXPENDITURES	\$ <u>15,945,800</u>	<u>15,945,800</u>	<u>14,180,184</u>	<u>1,765,616</u>

AS OF JUNE 30, 2008

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
ASSETS:		
Current assets:		
State General Fund Investment Pool at the State Treasurer's Office	\$ 59,105,660	1,463,672
Receivables:		
Interest receivable	376,049	-
Accounts/trade receivable	2,525,473	419,755
Allowance for doubtful accounts	(2,525,473)	(419,755)
Due from other funds	-	-
Due from other agencies	-	-
Loan	3,000,000	-
Other assets	-	-
Inventories	<u>-</u>	<u>-</u>
Total current assets	62,481,709	1,463,672
Non-current assets:		
Capital assets	-	-
Accumulated depreciation	<u>-</u>	<u>-</u>
Total non-current assets	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>62,481,709</u>	<u>1,463,672</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Net Assets - Enterprise Funds

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
5,932,053	35,015,713	24,420,212	125,937,310
-	216,801	103,941	696,791
2,199,141	-	1,241,769	6,386,138
(318,493)	-	(763,926)	(4,027,647)
291,166	245,790	972,206	1,509,162
-	-	-	-
-	-	-	3,000,000
5,120	-	16,412	21,532
<u>-</u>	<u>-</u>	<u>392,435</u>	<u>392,435</u>
8,108,987	35,478,304	26,383,049	133,915,721
26,789,807	-	9,016,271	35,806,078
<u>(17,992,294)</u>	<u>-</u>	<u>(5,551,685)</u>	<u>(23,543,979)</u>
<u>8,797,513</u>	<u>-</u>	<u>3,464,586</u>	<u>12,262,099</u>
<u>16,906,500</u>	<u>35,478,304</u>	<u>29,847,635</u>	<u>146,177,820</u>

AS OF JUNE 30, 2008

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u>Retention</u>
LIABILITIES:		
Current liabilities:		
Bank overdraft	\$ -	-
Claims payable	22,969,202	15,040,312
Accounts payable	2,347,460	410,057
Deferred revenue	-	-
Accrued expenses	-	-
Due to other funds	-	-
Due to other agencies	-	-
Loan payable	-	3,000,000
Capital leases payable	-	-
Accrued compensated absences	<u>-</u>	<u>-</u>
Total current liabilities	25,316,662	18,450,369
Long-term liabilities:		
Claims payable	91,876,808	15,654,201
Compensated absences payable	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	\$ <u>117,193,470</u>	<u>34,104,570</u>
NET ASSETS:		
Invested in capital assets, net of related debt	\$ -	-
Restricted for:		
Insurance/claims	114,846,010	30,694,513
Unrestricted	<u>(169,557,771)</u>	<u>(63,335,411)</u>
TOTAL NET ASSETS	<u>(54,711,761)</u>	<u>(32,640,898)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>62,481,709</u>	<u>1,463,672</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Net Assets - Enterprise Funds - continued

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
-	-	100,107	100,107
-	44,267,847	7,397,648	89,675,009
247,833	2,034,003	2,433,346	7,472,699
-	-	-	-
85,664	1,037,981	566,816	1,690,461
1,947	-	1,065,294	1,067,241
-	-	-	-
-	-	-	3,000,000
-	-	-	-
<u>36,823</u>	<u>-</u>	<u>268,692</u>	<u>305,515</u>
372,267	47,339,831	11,831,903	103,311,032
-	-	30,146	107,561,155
<u>19,827</u>	<u>-</u>	<u>144,682</u>	<u>164,509</u>
<u>392,094</u>	<u>47,339,831</u>	<u>12,006,731</u>	<u>211,036,696</u>
8,797,513	-	3,464,586	12,262,099
-	44,267,847	7,427,794	197,236,164
<u>7,716,893</u>	<u>(56,129,374)</u>	<u>6,948,524</u>	<u>(274,357,139)</u>
<u>16,514,406</u>	<u>(11,861,527)</u>	<u>17,840,904</u>	<u>(64,858,876)</u>
<u>16,514,406</u>	<u>35,478,304</u>	<u>29,847,635</u>	<u>146,177,820</u>

AS OF JUNE 30, 2008

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
OPERATING REVENUES:		
Service for premiums	\$ 37,588,967	14,934,012
Federal funds	-	-
Interest income	2,592,439	6,442
Other revenue	<u>19,070</u>	<u>-</u>
TOTAL OPERATING REVENUES	40,200,476	14,940,454
OPERATING EXPENSES:		
Personnel services	-	-
Employee benefits	-	-
In-state travel	-	-
Out-of-state travel	-	-
Maintenance and repairs	-	-
Supplies	5,340	7,500
Contractual services	11,486,138	2,722,605
Depreciation	-	-
Operating costs	6,393	4,257
Other costs	<u>28,445,832</u>	<u>16,516,219</u>
TOTAL OPERATING EXPENSES	<u>39,943,703</u>	<u>19,250,581</u>
OPERATING INCOME (LOSS)	256,773	(4,310,127)

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

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

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
10,087,404	308,983,346	19,707,572	391,301,301
-	-	-	-
-	1,581,423	747,817	4,928,121
<u>26,497</u>	<u>34,753</u>	<u>1,046,029</u>	<u>1,126,349</u>
10,113,901	310,599,522	21,501,418	397,355,771
878,692	-	5,959,052	6,837,744
384,712	-	2,388,239	2,772,951
6,780	-	19,518	26,298
7,872	-	18,054	25,926
1,003,345	-	473,418	1,476,763
10,834	-	4,902,544	4,926,218
31,592	20,626,851	1,222,558	36,089,744
2,256,938	-	1,010,829	3,267,767
3,362,349	-	11,564,545	14,937,544
<u>856,261</u>	<u>289,492,114</u>	<u>1,135,448</u>	<u>336,445,874</u>
<u>8,799,375</u>	<u>310,118,965</u>	<u>28,694,205</u>	<u>406,806,829</u>
1,314,526	480,557	(7,192,787)	(9,451,058)

AS OF JUNE 30, 2008

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on disposal	\$ -	-
Intra-agency transfers	(4,130,647)	
Transfers:		
General appropriations	-	-
Other state agency transfers	-	-
Other state funds	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(4,130,647)</u>	<u>-</u>
INCOME BEFORE TRANSFERS	(3,873,874)	(4,310,127)
TRANSFERS FROM (TO)	<u>-</u>	<u>-</u>
CHANGE TO NET ASSETS	(3,873,874)	(4,310,127)
BEGINNING NET ASSETS	(50,837,887)	(28,330,771)
RESTATEMENT	<u>-</u>	<u>-</u>
BEGINNING NET ASSETS, as restated	<u>(50,837,887)</u>	<u>(28,330,771)</u>
ENDING NET ASSETS	\$ <u>(54,711,761)</u>	<u>(32,640,898)</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

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

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
-	-	-	-
(328,100)	(881,900)	6,062,747	722,100
-	-	824,700	824,700
-	-	(33,680,625)	(33,680,625)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(328,100)</u>	<u>(881,900)</u>	<u>(26,793,178)</u>	<u>(32,133,825)</u>
986,426	(401,343)	(33,985,965)	(41,584,883)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
986,426	(401,343)	(33,985,965)	(41,584,883)
15,527,980	(11,460,184)	51,826,869	(23,273,993)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>15,527,980</u>	<u>(11,460,184)</u>	<u>51,826,869</u>	<u>(23,273,993)</u>
<u>16,514,406</u>	<u>(11,861,527)</u>	<u>17,840,904</u>	<u>(64,858,876)</u>

AS OF JUNE 30, 2008

	35700	35900
	Public	Workers'
	Liability	Compensation
	_____	Retention
	_____	_____
OPERATING ACTIVITIES:		
Fees received	\$ 40,062,415	15,152,448
Other income	-	6,442
Cash paid to suppliers and employees	(31,369,819)	(15,881,792)
Prior period adjustment	-	-
	_____	_____
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	8,692,596	(722,902)
NON-CAPITAL FINANCING ACTIVITIES:		
Appropriation from/reversion to State General Fund	-	-
Severance tax bond proceeds	-	-
Transfers	(4,130,647)	-
	_____	_____
NET CASH PROVIDED BY (USED IN)		
NON-CAPITAL FINANCING ACTIVITIES	(4,130,647)	-
CAPITAL AND RELATED		
FINANCING ACTIVITIES:		
Loan proceeds	-	3,000,000
Purchase of capital assets	-	-
Capital lease and expenditures	-	-
	_____	_____
NET CASH PROVIDED BY (USED IN) CAPITAL		
AND RELATED FINANCING ACTIVITIES	-	3,000,000
NET INCREASE (DECREASE) IN CASH	4,561,949	2,277,098
BEGINNING CASH	54,543,711	(813,426)
	_____	_____
ENDING CASH (OVERDRAFT)	\$ 59,105,660	1,463,672
	_____	_____

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Cash Flows - Enterprise Funds

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
9,608,082	309,739,529	35,745,030	410,307,504
26,497	1,616,176	1,211,344	2,860,459
(7,176,678)	(307,990,505)	(47,637,336)	(410,056,130)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,457,901	3,365,200	(10,680,962)	3,111,833
-	-	824,700	824,700
-	-	-	-
<u>(328,100)</u>	<u>(881,900)</u>	<u>729,539</u>	<u>(4,611,108)</u>
(328,100)	(881,900)	1,554,239	(3,786,408)
-	-	-	3,000,000
(3,381,757)	-	-	(3,381,757)
<u>-</u>	<u>-</u>	<u>(2,775,812)</u>	<u>(2,775,812)</u>
<u>(3,381,757)</u>	<u>-</u>	<u>(2,775,812)</u>	<u>(3,157,569)</u>
(1,251,956)	2,483,300	(11,902,535)	(3,832,144)
<u>7,184,009</u>	<u>32,532,413</u>	<u>36,222,640</u>	<u>129,669,347</u>
<u><u>5,932,053</u></u>	<u><u>35,015,713</u></u>	<u><u>24,320,105</u></u>	<u><u>125,837,203</u></u>

AS OF JUNE 30, 2008

	35700	35900
	Public	Workers'
	Liability	Compensation
	<u> </u>	<u> </u>
	Retention	Retention
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 256,773	(4,310,127)
Adjustments:		
Depreciation	-	-
Loss on disposal of Capital Assets	-	-
Prior period adjustment	-	-
Decrease (increase) in assets:		
Accounts receivable and due from other agencies and funds	(138,061)	218,436
Inventories	-	-
Other assets	-	-
Increase (decrease) in liabilities:		
Bank overdraft	-	-
Insurance claims payable	6,984,641	3,426,498
Accounts/federal claims payable and due to other agencies and funds	1,589,243	(57,709)
Accrued expenses	-	-
Deferred revenue	-	-
Accrued compensated absences	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u>8,692,596</u>	<u>(722,902)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Cash Flows - Enterprise Funds - continued

36500 State Transportation Pool	75200 Group Insurance Premium Stabilization	Other Enterprise Funds	Total
1,314,526	480,557	(7,192,787)	(9,451,058)
2,256,938	-	1,010,829	3,267,767
-	-	-	-
-	-	-	-
(476,228)	756,183	15,359,306	15,719,636
-	-	136,396	136,396
(3,094)	-	(8,256)	(11,350)
-	-	-	-
-	6,496,340	53,589	16,961,068
(620,286)	(4,367,861)	(13,855,932)	(17,312,545)
(1,338)	(19)	(999,694)	(1,001,051)
-	-	(4,705,572)	(4,705,572)
<u>(12,617)</u>	<u>-</u>	<u>(478,841)</u>	<u>(491,458)</u>
<u>2,457,901</u>	<u>3,365,200</u>	<u>(10,680,962)</u>	<u>3,111,833</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Statement of Fiduciary Assets and Liabilities - Agency Funds

AS OF JUNE 30, 2008

	<u>Agency Funds</u>
ASSETS:	
Cash	\$ 201,887
Due from other funds	<u>81,930</u>
TOTAL ASSETS	\$ <u>283,817</u>
LIABILITIES:	
Accounts payable	\$ -
Deposits held in custody for others	<u>283,817</u>
TOTAL LIABILITIES	\$ <u>283,817</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, 2008.

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.

Capital Projects Funds – Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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.

State Transportation Pool – (Fund 36500, non-reverting, Chapter 15, Article 8, NMSA 1978) provides transportation for all state agencies in the Santa Fe and Albuquerque, New Mexico areas.

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

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

• **Cash Deposits - continued**

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.

• **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

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

• **Compensated Absences - continued**

upon retirement or other termination. A maximum of 30 days of annual leave may be accumulated by each employee.

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 \$65,950,080 was restricted by enabling legislature at June 30, 2008 for capital projects expenditures.

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

- **Reservations of Fund Balances**

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

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, 2008:

Investment	Maturities	Fair Value
New Mexico State Treasurer’s Office: General Fund Investment Pool	1 day to 3 years	\$ 217,956,845

- **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	\$ 185,031	Program Support	19700	\$ 35,941	Ins. Carrier Prems.	56100	\$ 81,930
Purchasing Div. Fees	28600	104,654	RMD - Operating	35200	302,881			
Procure. Assist. Pgm.	58500	<u>125,392</u>	State Unemploy. Comp.	35300	37,121			
			Surplus Property	36000	70,224			
			Office of Info. Proc.	36200	86,732			
			Transportation Svcs.	36500	291,166			
			Digital Microwave	36600	197,933			
			ISD Office of Commun.	36900	126,775			
			ISD-OIP Human Res.	38500	21,751			
			State Aircraft Bureau	41700	54,159			
			Health Benefits Prem.	75200	245,790			
			State Printing Services	80600	<u>38,689</u>			
Total		\$ <u>415,077</u>	Total		\$ <u>1,509,162</u>	Total		\$ <u>81,930</u>
Total Due From			\$ 2,006,169					

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	\$ 176,403
Purch. Div. Fees	28600	116,672	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	250,000
			State Printing Services	80600	<u>6,347</u>
Total		\$ <u>938,928</u>	Total		\$ <u>1,067,241</u>
Total Due To		\$ 2,006,169			
Net Due to (from) Governmental Funds	\$ <u>(523,851)</u>	Net Due to (from) Business-type Funds	\$ <u>441,921</u>	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, 2008, are as follows:

Due To Fund	Fund No.	Balance	Due From Fund	Fund No.
General Fund				
General Fund	17400	\$ 105,504	Purchasing Division	28600
	17400	<u>79,527</u>	Program Support	19700
Total General Fund		185,031		
Special Revenue Funds:				
Purchasing Division	28600	33,728	General Fund	17400
	28600	<u>70,926</u>	Office of Info. Proc.	36200
		104,654		
Proc. Assist. Program	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
		<u>125,392</u>		
Total Special Rev. Funds		230,045		
Enterprise Funds:				
Digital Microwave	36600	197,933	ISD Office of Commun.	36900
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
	35200	<u>51,683</u>	Program Support	19700
		302,881		
State Unempl. Comp.	35300	37,121	Program Support	19700
Surplus Property	36000	6,173	Program Support	19700
	36000	1,637	Program Support	19700
	36000	3,141	Purchasing Div. Fees	28600
	36000	<u>59,273</u>	Office of Info. Proc.	36200
		70,224		
Office of Info. Proc.	36200	3,983	ISD Office of Commun.	36900
	36200	<u>82,749</u>	General Fund	17400
		86,732		

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.:				
Transportation Svcs.	36500	\$ 28,287	Office of Info. Proc.	36200
	36500	649	Purchasing Div. Fees	28600
	36500	6,347	State Print Services	80600
	36500	250,000	State Aircraft Pool	41700
	36500	<u>5,883</u>	General Fund	17400
		291,166		
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		
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	4,765	Purchasing Div. Fees	28600
	41700	<u>4,061</u>	Office of Info. Proc.	36200
		54,159		
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>1,509,162</u>		
Agency Funds:				
Insurance Carrier Prens.	56100	<u>81,930</u>	State Trans. Pool	36500
Total		\$ <u>2,006,169</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 Pregs.	56100
	17400	(245,790)	Health Benefits Pregs.	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		(801,091)		
Special Revenue Funds:				
Purchasing Division	28600	(105,504)	General Fund	17400
	28600	(3,141)	Surplus Property	36000
	28600	(4,765)	State Aircraft Bureau	41700
	28600	(649)	Transp. Services	36500
	28600	<u>(2,613)</u>	Program Support	19700
		(116,672)		
Procure. Assist. Pgm.		<u>(21,165)</u>	Program Support	19700
Total Special Rev. Funds		(137,837)		
Enterprise Funds:				
Program Support	19700	(6,173)	Surplus Property	36000
	19700	(79,528)	General Fund	17400
	19700	(51,683)	RMD - Operating	35200
	19700	(1,637)	Surplus Property	36000
	19700	(261)	Procure. Assist. Pgm.	58500
	19700	<u>(37,121)</u>	State Unempl. Comp.	35300
		(176,403)		
RMD – 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)		

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:				
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)		
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
State Printing Service	80600	<u>(6,347)</u>	Transportation Services	36500
Total Enterprise Funds		<u>(1,067,421)</u>		
Total		<u>\$ (2,006,169)</u>		

Due to other agencies as of June 30, 2008, is as follows:

Amount Due to Other Agencies				
Agency	SHARE No.	Amount	Fund No.	GSD Fund
Department of Health	66500	\$ <u>1,300,000</u>	64100	Laws of 2006
		<u>\$ 1,300,000</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, 2007</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance June 30, 2008</u>
Buildings and improvements	\$ 542,921,975	14,298,837	-	557,220,812
Machinery and equipment	803,883	67,302	-	871,185
Projects in progress	<u>123,451,090</u>	<u>9,428,956</u>	<u>-</u>	<u>132,880,046</u>
Total	667,176,948	23,795,095	-	690,972,043
Accumulated depreciation:				
Buildings and improvements	355,188,216	9,959,011	-	365,147,227
Machinery and equipment	<u>448,475</u>	<u>112,814</u>	<u>-</u>	<u>561,289</u>
Total accumulated depreciation	355,636,691	10,071,825	-	365,708,516
Land	<u>9,996,307</u>	<u>1,333,090</u>	<u>-</u>	<u>11,329,397</u>
Net Total	\$ <u>321,536,564</u>	<u>15,056,360</u>	<u>-</u>	<u>336,592,924</u>

Depreciation expense of \$10,071,825 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, 2007</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance June 30, 2008</u>
Aircraft	\$ 7,184,355	-	-	7,184,355
Buildings and improvements	9,467,591	-	(9,465,793)	1,798
Machinery and equipment	<u>108,223,307</u>	<u>3,386,076</u>	<u>(82,989,458)</u>	<u>28,619,925</u>
Total	124,875,253	3,386,076	(92,455,251)	35,806,078
Accumulated depreciation:				
Aircraft	2,941,133	951,769	-	3,892,902
Buildings and improvements	1,915,201	72	(1,913,811)	1,462
Machinery and equipment	<u>79,595,337</u>	<u>2,315,926</u>	<u>(62,261,648)</u>	<u>19,649,615</u>
Total accumulated depreciation	84,451,671	3,267,767	(64,175,459)	23,543,979
Land	<u>71,944</u>	-	<u>(71,944)</u>	-
Net Total	\$ <u>40,495,526</u>	<u>118,309</u>	<u>28,351,736</u>	<u>12,262,099</u>

5. LEASES (Enterprise Funds)

• **Operating Leases**

Lease expenditures/expenses for the year ended June 30, 2008 totaled approximately \$3,939,888. 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.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

5. LEASES (Enterprise Funds) - continued

• Operating Leases - continued

The following is a schedule by year of future minimum lease payments for various copiers, sites and leased vehicles at June 30, 2008:

Years ending June 30:	<u>Lease Amounts</u>
2009	\$ 4,098,368
2010	3,950,415
2011	227,691
2012	227,691
2013	227,691
2014 – 2018	-
2019 – 2023	-
2024 – 2025	-
	\$ <u>8,731,856</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.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

6. **INSURANCE CLAIMS PAYABLE (Enterprise Funds) - continued**

Insurance claims payable of \$197,236,163 were reported with the Department through June 30, 2008. 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, 2008 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.

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</u> <u>June 30, 2007</u>	<u>Incurred (Net</u> <u>of Actuarial</u> <u>Provision)</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2008</u>
35400 - Surety Bond	\$ 142,548	(112,402)	-	30,146
35600 - Public Property Reserve	2,110,492	2,558,725	2,803,593	1,865,624
35900 - Workers' Compensation	27,268,015	16,382,520	12,956,022	30,694,513
35700 - Public Liability	107,861,369	24,920,031	17,935,390	114,846,010
35300 - State Unemployment	4,416,488	4,836,748	4,751,996	4,501,240
35400 - Local Public Body	949,545	1,075,036	993,797	1,030,784
75200 - Group Insurance Premium	<u>37,767,400</u>	<u>288,830,157</u>	<u>282,329,710</u>	<u>44,267,847</u>
Net Total	\$ <u>180,515,857</u>	<u>338,490,815</u>	<u>321,770,508</u>	<u>197,236,164</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

6. INSURANCE CLAIMS PAYABLE (Enterprise Funds) - continued

<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>
35400 - Surety Bond	\$ 153,671	4,809	15,932	142,548
35600 - Public Property Reserve	1,419,613	4,273,356	3,582,477	2,110,492
35900 - Workers' Compensation	21,416,966	13,360,193	7,509,144	27,268,015
35700 - Public Liability	115,721,604	18,558,802	26,419,037	107,861,369
35300 - State Unemployment	4,162,686	3,644,063	3,390,261	4,416,488
35400 - Local Public Body	924,116	600,000	574,571	949,545
75200 - 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>

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 June 30, 2007</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>
\$ <u>309,817</u>	<u>286,015</u>	<u>(196,266)</u>	<u>399,566</u>	<u>239,746</u>

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

<u>Balance June 30, 2007</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>
\$ <u>961,482</u>	<u>376,780</u>	<u>(868,238)</u>	<u>470,024</u>	<u>305,515</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

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, 2004 to June 30, 2008, and is funded with \$894,518 in other state funds. The Department will pay any settlements authorized and any judgments resulting from trials. The Department made payments to NMCD during 2008 totaling \$231,980.

Participants	Responsible Party	Description	Term	Total Amount	Current Year Amount	Books Recorded
NMCD/GSD	GSD	See above	July 2004 – June 2007	894,518	231,980	GSD

9. SPECIAL APPROPRIATIONS

The General Services Department received the following special appropriations for fiscal year 2008:

	<u>Original Appropriation</u>	<u>End Date</u>	<u>Amount Received</u>	<u>Expenditures</u>	<u>Outstanding</u>	<u>Remaining</u>
Laws of 2008, Chapter 92, Section 35, Item 1, Family Visitation Center	\$ 24,000	6/30/2012	24,000	-	-	24,000
Laws of 2008, Chapter 92, Section 35, Item 2, Safety Inspection Center	\$ 10,000	6/30/2012	10,000	3,000	-	7,000
Laws of 2008, Chapter 92, Section 35, Item 3, Theater Renovation	\$ 45,000	6/30/2012	45,000	-	-	45,000

10. OPERATING TRANSFERS

Transfers between funds for the year ended June 30, 2008 are as follows:

		<u>12500</u>	<u>28500</u>	<u>28600</u>	<u>28700</u>
		<u>Capital Projects Admin Cost</u>	<u>DOH Facilities Tobacco Tax</u>	<u>Purchasing Division Fees</u>	<u>Public Building Repair</u>
Transfers In:					
Governmental Funds:					
12500	Capital Projects Admin Cost	\$ -	158,071	-	-
28700	Public Building Repair	-	-	-	-
86300	Capital Projects Repair Fund	2,092	-	-	-
17400	General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		2,092	158,071	-	-
Enterprise Funds:					
35200	Risk Management Operating	-	-	-	-
19700	Administrative Services Division	<u>196,000</u>	<u>-</u>	<u>55,800</u>	<u>-</u>
		\$ <u>198,092</u>	<u>158,071</u>	<u>55,800</u>	<u>-</u>
	Net Transfers (In) Out	\$ <u>(1,730,743)</u>	<u>158,071</u>	<u>55,800</u>	<u>(10,934)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

Transfers Out					
Governmental Funds					
30600	17400	36400	64100	78500	86300
Capital Projects Laws of 2003	General Fund	Capital Projects Laws of 2004	Laws of 2006	Capital Project Property Control Reserve Fund	Capital Projects Repair Fund
6,000	-	199,775	1,099,471	15,000	102,331
2,196	-	8,738	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,196	-	208,513	1,099,471	15,000	102,331
-	-	-	-	-	-
-	470,300	-	-	-	-
8,196	470,300	208,513	1,099,471	15,000	102,331
8,196	470,300	208,513	1,099,471	15,000	100,239

10. OPERATING TRANSFERS - continued

		19700	35200	35300	35400	35600
		Administrative Services Division	Risk Management Operating	State Unemployment Comp.	Risk Management LPB Unemploy.	Risk Management - Public Property Res.
Transfers In:						
Governmental Funds:						
12500	Capital Projects Admin Cost	\$ -	-	-	-	-
28700	Public Building Repair	-	-	-	-	-
86300	Capital Projects Repair Fund	-	-	-	-	-
17400	General Fund	-	-	-	-	-
		-	-	-	-	-
Enterprise Funds:						
35200	Risk Management Operating	-	-	12,554	12,554	122,354
19700	Program Support	-	180,606	34,446	34,446	34,446
		\$ -	180,606	47,000	47,000	156,800
Net Transfers (In) Out		\$ (3,066,200)	(3,353,747)	47,000	47,000	156,800

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

Transfers Out						
Enterprise Funds						
35700	35800	36500	75200	80600	97000	
Risk Management - Public Liability	Risk Management Surety Bond	State Transportation Pool	Health Ben. Premium & Rate Stabilization	State Printing Services	Capital Projects Laws 2005 Appropriations	Total
-	-	-	-	-	348,187	1,941,335
-	-	-	-	-	-	10,934
-	-	-	-	-	-	88,392
-	-	-	-	-	-	<u>17,400</u>
-	-	-	-	-	348,187	2,058,061
2,934,129	13,381	-	439,381	-	-	3,569,553
<u>1,196,518</u>	<u>17,519</u>	<u>328,100</u>	<u>442,519</u>	<u>75,500</u>	-	<u>3,085,900</u>
<u>4,130,647</u>	<u>30,900</u>	<u>328,100</u>	<u>881,900</u>	<u>75,500</u>	<u>348,187</u>	<u>8,542,414</u>
<u>4,130,647</u>	<u>30,900</u>	<u>328,100</u>	<u>881,900</u>	<u>75,500</u>	<u>348,187</u>	<u>-</u>

10. OPERATING TRANSFERS - continued

Transfers from (to) other state agencies for the year ended June 30, 2008 are as follows:

State Agency	Agency Fund Number	64100 Laws of 2006	36400 Laws of 2004	24900 Laws of 2002	17400 General Fund
Dept. of Finance & Administration	34100	\$ 22,025,000	-	-	307,200
NM Energy, Minerals & Nat. Resources	52100	-	-	-	-
Department of Cultural Affairs	50500	(55,000)	(30,875)	(28,000)	-
NM Children, Youth & Families	69000	-	-	-	-
NM Corrections Department	77000	-	-	-	-
Gaming Control Board	46500	-	-	-	-
Regulation & Licensing Dept.	42000	-	-	-	-
Taxation & Revenue Dept.	33300	891,000	-	-	-
State Engineer	55000	-	-	-	-
State Land Office	53900	-	-	-	-
Judicial District Court	23100-23400	-	-	-	-
Metropolitan Court	24400	-	-	-	-
District Attorney's Office	25200	-	-	-	-
Attorney General	30500	-	-	-	-
New Mexico Finance Authority	38500	245,519	-	-	-
Legislative Council (Maintenance)	11900	-	-	-	-
Legislative Council Service	11100	-	-	-	-
Economic Development Dept.	41900	(250,000)	-	-	-
Dept. of Public Safety	79000	(80,000)	-	-	-
Dept. of Information Technology	36100	-	-	-	-
Dept. of Health	66500	(1,300,000)	-	-	-
Various State Agencies		-	-	-	-
New Mexico Department of Workforce Solutions	63100	-	-	-	-
		\$ 21,476,519	(30,875)	(28,000)	307,200

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

Governmental Funds				
28500	86300	28700	78500	Governmental
Facilities Tobacco Tax	Capital Projects Repair Fund	Public Building Repair	Property Control Reserve	Funds Subtotal
-	-	45,581	-	22,377,781
-	-	-	-	-
-	-	-	-	(113,875)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	891,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,260,575	4,454,341	-	1,605,265	11,565,700
-	(3,500,000)	-	-	(3,500,000)
-	(121,615)	-	-	(121,615)
-	-	-	-	(250,000)
-	-	-	-	(80,000)
-	-	-	-	-
-	-	-	-	(1,300,000)
-	-	-	-	-
-	-	-	-	-
<u>5,260,575</u>	<u>832,726</u>	<u>45,581</u>	<u>1,605,265</u>	<u>29,468,991</u>

10. OPERATING TRANSFERS - continued

<u>State Agency</u>	<u>Agency Fund Number</u>	<u>21500 Employee Assistance Program</u>	<u>36200 Office of Information Processing</u>	<u>36900 Office of Communications</u>
Dept. of Finance & Administration	34100	\$ -	-	-
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	-	-	-
New Mexico Finance Authority	38500	9	-	-
Legislative Council (Maintenance)	11900	-	-	-
Legislative Council Service	11100	-	-	-
Economic Development Dept.	41900	-	-	-
Dept. of Public Safety	79000	-	-	-
Dept. of Information Technology	36100	-	(4,975,934)	(29,579,212)
Dept. of Health	66500	-	-	-
Various State Agencies		-	-	-
New Mexico Department of Workforce Solutions	63100	-	-	-
		\$ <u>9</u>	<u>(4,975,934)</u>	<u>(29,579,212)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Notes to Financial Statements - continued

<u>Enterprise Funds</u>				
<u>36600</u>	<u>38500</u>	<u>41700</u>	<u>Enterprise Funds Subtotal</u>	<u>Total</u>
<u>Digital Microwave</u>	<u>IISD Human Resources</u>	<u>State Aircraft Bureau</u>		
-	-	6,400	6,400	22,384,181
-	-	-	-	-
-	-	-	-	(113,875)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	891,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	9	11,565,709
-	-	-	-	(3,500,000)
-	-	-	-	(121,615)
-	-	-	-	(250,000)
-	-	-	-	(80,000)
2,264,580	(1,396,468)	-	(33,687,034)	(33,687,034)
-	-	-	-	(1,300,000)
-	-	-	-	-
-	-	-	-	-
<u>2,264,580</u>	<u>(1,396,468)</u>	<u>6,400</u>	<u>(33,680,625)</u>	<u>(4,211,634)</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		
58500	Procurement Assistance	2008	\$	197,363
17400	General Fund	2008		560,490
09100	Laws of 2001	2001		<u>108,403</u>
	Total		\$	<u>866,256</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 \$117,518 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, 2008, 2007 and 2006 were \$2,681,959, \$4,446,211 and \$4,145,399, 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, 2008, 2007 and 2006 were \$149,284, \$238,700 and \$215,830, 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, 2008, have been included in the actuary's determination of "claims payable."

• **Federal Funds**

The Department received funding from federal sources for specific purposes. The funds are subject to audit, which may result in expenses that are disallowed, or other noncompliance findings under the terms of the funding source's guidelines. The Department believes that such disallowances or other noncompliance findings, if any, would not be material to the Department's financial position. The Department receives the majority of its funding from the United States Government, Federal Surplus Property.

• **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

14. **COMMITMENTS AND CONTINGENCIES - continued**

• **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.

15. **TRANSFER OF ASSETS AND LIABILITIES**

On July 1, 2007, New Mexico House Bill 959 became effective creating the Department of Information Technology (DOIT). In addition to the creation of DOIT, the bill also authorized the transfer of the following IT-related Department resources and liabilities to DOIT as of the effective date: personnel, appropriations, money, records, equipment, supplies and other property and contractual obligations of the communications division, information systems division, radio communications bureau and telecommunications bureau. As Department IT functions and their related resources have been transferred to another entity, Department revenues, expenses and assets have been effectively reduced on a go-forward basis from the effective transfer date. This transfer of assets and liabilities affected the following Department funds:

36200	Office of Information Processing
36600	Digital Microwave Fund
36900	Communications Division
38500	Human Resources System Fund

As of June 30, 2008, the above funds had not been completely closed out as the final determination of cash transfers between the Department and DOIT had not been determined as of the audit date of this audit report.

16. **INTERFUND LOAN**

On June 17, 2008, the Department's Risk Management Division received approval from the New Mexico State Board of Finance to transfer funds of approximately \$3,000,000 from Fund 35700 Public Liability Fund to Fund 35900 Workers' Compensation Retention. The amount is classified in the accompanying financial statements as a loan receivable in the Public Liability Fund and as a loan payable in the Workers' Compensation Retention Fund. The interest rate on the loan is 1% and will be paid at the time of repayment. The loan was subsequently repaid in December 2008, after the current June 30, 2008 year end.

**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>
Communications Division	\$ (2,927,358)
Employee Assistance Program	\$ (310,006)
Worker's Compensation Retention	\$ (1,213,181)

18. FUND BALANCE/NET ASSET DEFICITS

The following funds had fund balance/net asset deficits at June 30, 2008:

Government Funds:	
30600 Laws of 2003	\$ (133,720)
76600 Laws of 2000	\$ (49,330)
35500 Laws of 1999	\$ (162,816)
Enterprise Funds:	
35700 Public Liability	\$ (54,711,761)
35900 Worker's Compensation Retention	\$ (32,640,898)
75200 Group Insurance Premium Stabilization	\$ (11,861,527)
35300 State Unemployment Compensation	\$ (894,735)
35400 LPB Unemployment Compensation	\$ (181,242)
36200 Office of Information Processing	\$ (131,285)
38500 Human Resources System	\$ (57,582)
36900 Communications Division	\$ (117,435)
35200 Risk Management Operations	\$ (255,242)

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, 2008

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
ASSETS:			
State General Fund Investment Pool at the State Treasurer's Office	\$ 7,087,993	18,972,789	26,060,782
Receivables:			
Severance tax bonds receivable	-	-	-
Interest receivable	284	3,301	3,585
Accounts/trade receivables	-	-	-
Due from other funds	230,046	-	230,046
Due from other agencies	-	-	-
Other Assets	-	-	-
Inventories	-	-	-
TOTAL ASSETS	\$ <u>7,318,323</u>	<u>18,976,090</u>	<u>26,294,413</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Bank overdraft	\$ -	183,250	183,250
Claims payable	-	-	-
Accounts payable	14,891	1,652,824	1,667,715
Deferred revenue	-	6,038,902	6,038,902
Accrued expenses	14,989	55,230	70,219
Due to other funds	137,837	-	137,837
Due to State General Fund	197,363	108,403	305,766
Due to other agencies	-	-	-
TOTAL LIABILITIES	365,080	8,038,609	8,403,689
FUND BALANCE (DEFICIT):			
Reserved for encumbrances	-	-	-
Reserved for capital projects	-	10,937,481	10,937,481
Unreserved	<u>6,953,243</u>	-	<u>6,953,243</u>
TOTAL FUND BALANCES	<u>6,953,243</u>	<u>10,937,481</u>	<u>17,890,724</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>7,318,323</u>	<u>18,976,090</u>	<u>26,294,413</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, 2008

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES:			
Service fees/premiums	\$ 290,131	690	290,821
Federal funds	-	-	-
Interest income	-	-	-
Capital projects appropriations	-	-	-
Severance tax bond proceeds	-	9,387,858	9,387,858
TOTAL REVENUES	290,131	9,388,548	9,678,679
EXPENDITURES:			
Current:			
Personnel services	-	-	-
Employee benefits	-	-	-
In-state travel	1,426	-	1,426
Out-of-state travel	-	-	-
Maintenance and repairs	-	-	-
Supplies	-	-	-
Contractual services	-	-	-
Operating costs	-	-	-
Other costs	423,226	-	423,226
Capital outlay	-	12,136,985	12,136,985
TOTAL EXPENDITURES	424,652	12,136,985	12,561,637
DEFICIENCY OF REVENUES OVER EXPENDITURES	(134,521)	(2,748,437)	(2,882,958)

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, 2008

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
OTHER FINANCING SOURCES (USES):			
Intra-agency transfer	\$ 1,685,877	(722,967)	962,910
Transfers:			
General appropriations	-	-	-
Reversions to State General Fund	26,498	-	26,498
Other state agency transfers	<u>45,581</u>	<u>5,201,700</u>	<u>5,247,281</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,757,956</u>	<u>4,478,733</u>	<u>6,236,689</u>
NET CHANGE IN FUND BALANCES	1,623,435	1,730,296	3,353,731
BEGINNING FUND BALANCES	5,329,808	9,207,185	14,536,993
RESTATEMENT	<u>-</u>	<u>-</u>	<u>-</u>
BEGINNING FUND BALANCES, as restated	<u>5,329,808</u>	<u>9,207,185</u>	<u>14,536,993</u>
ENDING FUND BALANCES	\$ <u>6,953,243</u>	<u>10,937,481</u>	<u>17,890,724</u>

MAJOR AND NON-MAJOR FUNDS

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, 2008

	12500	28600	28700	58500	
	Administrative Costs	Purchasing Division Fees	Public Buildings Repair	Procurement Assistance	Total
ASSETS:					
State General Fund Investment Pool at the State Treasurer's Office	\$ 1,873,424	287,737	4,827,713	99,119	7,087,993
Receivables:					
Interest receivable	-	-	-	-	-
Accounts/trade receivables	-	-	284	-	284
Allowance for doubtful accounts	-	-	-	-	-
Due from other funds	-	104,654	-	125,392	230,046
Due from other agencies	-	-	-	-	-
Other assets	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 1,873,424	392,391	4,827,997	224,511	7,318,323
LIABILITIES:					
Bank overdraft	\$ -	-	-	-	-
Claims payable	-	-	-	-	-
Accounts payable	9,764	5,127	-	-	14,891
Deferred revenue	-	-	-	-	-
Accrued expenses	-	14,790	199	-	14,989
Due to other funds	-	116,672	-	21,165	137,837
Due to State General Fund	-	-	-	197,363	197,363
Due to other agencies	-	-	-	-	-
TOTAL LIABILITIES	9,764	136,589	199	218,528	365,080
FUND BALANCES:					
Reserved for:					
Inventories	-	-	-	-	-
Encumbrances	-	-	-	-	-
Capital projects	-	-	-	-	-
Subsequent years' expenditures	-	-	-	-	-
Unreserved	1,863,660	255,802	4,827,798	5,983	6,953,243
TOTAL FUND BALANCES	1,863,660	255,802	4,827,798	5,983	6,953,243
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,873,424	392,391	4,827,997	224,511	7,318,323

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, 2008

	12500	28600	28700	58500	
	Administrative Costs	Purchasing Division Fees	Public Buildings Repair	Procurement Assistance	Total
REVENUES:					
Service fees/premiums	\$ -	219,761	70,370	-	290,131
Federal funds	-	-	-	-	-
Interest income	-	-	-	-	-
Capital projects appropriations	-	-	-	-	-
Severance tax bond proceeds	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>219,761</u>	<u>70,370</u>	<u>-</u>	<u>290,131</u>
EXPENDITURES:					
Current expenditures:					
Personnel services	-	-	-	-	-
Employee benefits	-	-	-	-	-
In-state travel	-	1,426	-	-	1,426
Out-of-state travel	-	-	-	-	-
Maintenance and repairs	-	-	-	-	-
Supplies	-	-	-	-	-
Contractual services	-	-	-	-	-
Operating costs	-	-	-	-	-
Other costs	148,462	274,764	-	-	423,226
Capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>148,462</u>	<u>276,190</u>	<u>-</u>	<u>-</u>	<u>424,652</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(148,462)	(56,429)	70,370	-	(134,521)
OTHER FINANCING SOURCES (USES):					
Intra-agency transfer	1,730,743	(55,800)	10,934	-	1,685,877
Transfers:					
General and special appropriations	-	-	-	-	-
Reversions to State General Fund	8,037	-	18,461	-	26,498
Other state agency transfers	-	-	45,581	-	45,581
NET OTHER FINANCING (USES) SOURCES	<u>1,738,780</u>	<u>(55,800)</u>	<u>74,976</u>	<u>-</u>	<u>1,757,956</u>
NET CHANGE IN FUND BALANCES	1,590,318	(112,229)	145,346	-	1,623,435
BEGINNING FUND BALANCES	273,342	368,031	4,682,452	5,983	5,329,808
RESTATEMENT	-	-	-	-	-
BEGINNING FUND BALANCES, as restated	<u>273,342</u>	<u>368,031</u>	<u>4,682,452</u>	<u>5,983</u>	<u>5,329,808</u>
ENDING FUND BALANCES	\$ <u>1,863,660</u>	<u>255,802</u>	<u>4,827,798</u>	<u>5,983</u>	<u>6,953,243</u>

See Independent Auditors' Report.

MAJOR AND NON-MAJOR FUNDS

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:

64100	Laws of 2006
97000	Laws of 2005
36400	Laws of 2004
30600	Laws of 2003
28500	2004 Tobacco Tax: DOH Facilities
24900	Laws of 2002
09100	Laws of 2001
76600	Laws of 2000
35500	Laws of 1999
37800	Laws of 1996
72300	Laws of 1994

AS OF JUNE 30, 2008

	36400	28500	97000	30600	24900
	Laws of 2004	Tobacco Tax: DOH Facilities	Laws of 2005	Laws of 2003	Laws of 2002
ASSETS:					
State General Fund Investment Pool at the State Treasurer's Office	\$ 5,536,144	11,323,080	1,626,391	-	378,525
Receivables:					
Interest receivable	-	-	-	-	-
Accounts/trade receivables	-	-	-	-	-
Allowance for doubtful accounts	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other agencies	-	-	-	-	-
Other assets	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 5,536,144	11,323,080	1,626,391	-	378,525
LIABILITIES:					
Bank overdraft	\$ -	-	-	20,618	-
Claims Payable	-	-	-	-	-
Accounts payable	1,298,166	39,733	68,041	113,102	130,075
Deferred revenue	4,182,994	-	1,558,350	-	248,450
Accrued expenses	54,984	-	-	-	-
Due to other funds	-	-	-	-	-
Due to State General Fund	-	-	-	-	-
Due to other agencies	-	-	-	-	-
TOTAL LIABILITIES	5,536,144	39,733	1,626,391	133,720	378,525
FUND BALANCES:					
Reserved for:					
Capital projects	-	11,283,347	-	(133,720)	-
TOTAL FUND BALANCES	-	11,283,347	-	(133,720)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,536,144	11,323,080	1,626,391	-	378,525

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Balance Sheet -
Non-Major Capital Projects Funds

09100	76600	35500	37800	72300	
Laws of 2001	Laws of 2000	Laws of 1999	Laws of 1996	Laws of 1994	Total
108,403	-	-	-	246	18,972,789
-	-	3,301	-	-	3,301
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>108,403</u>	<u>-</u>	<u>3,301</u>	<u>-</u>	<u>246</u>	<u>18,976,090</u>
-	222	162,410	-	-	183,250
-	-	-	-	-	-
-	-	3,707	-	-	1,652,824
-	49,108	-	-	-	6,038,902
-	-	-	-	246	55,230
-	-	-	-	-	-
108,403	-	-	-	-	108,403
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>108,403</u>	<u>49,330</u>	<u>166,117</u>	<u>-</u>	<u>246</u>	<u>8,038,609</u>
<u>-</u>	<u>(49,330)</u>	<u>(162,816)</u>	<u>-</u>	<u>-</u>	<u>10,937,481</u>
<u>-</u>	<u>(49,330)</u>	<u>(162,816)</u>	<u>-</u>	<u>-</u>	<u>10,937,481</u>
<u>108,403</u>	<u>-</u>	<u>3,301</u>	<u>-</u>	<u>246</u>	<u>18,976,090</u>

AS OF JUNE 30, 2008

	36400	28500	97000	30600	24900
	Laws of 2004	Tobacco Tax: DOH Facilities	Laws of 2005	Laws of 2003	Laws of 2002
REVENUES:					
Service fees/premiums	\$ -	-	-	-	-
Federal funds	-	-	-	-	-
Interest income	-	-	-	-	-
Capital project appropriations	-	-	-	-	-
Severance tax bond proceeds	<u>4,813,797</u>	<u>-</u>	<u>1,627,837</u>	<u>1,270,221</u>	<u>1,488,229</u>
TOTAL REVENUES	<u>4,813,797</u>	<u>-</u>	<u>1,627,837</u>	<u>1,270,221</u>	<u>1,488,229</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	<u>4,574,409</u>	<u>1,702,887</u>	<u>1,279,650</u>	<u>1,300,673</u>	<u>2,938,143</u>
TOTAL EXPENDITURES	<u>4,574,409</u>	<u>1,702,887</u>	<u>1,279,650</u>	<u>1,300,673</u>	<u>2,938,143</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	239,388	(1,702,887)	348,187	(30,452)	(1,449,914)
OTHER FINANCING SOURCES (USES):					
Intra-agency transfers	(208,513)	(158,071)	(348,187)	(8,196)	-
Transfers:					
General appropriations	-	-	-	-	-
Reversions to State General Fund	-	-	-	-	-
Other State agency transfers	<u>(30,875)</u>	<u>5,260,575</u>	<u>-</u>	<u>-</u>	<u>(28,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(239,388)</u>	<u>5,102,504</u>	<u>(348,187)</u>	<u>(8,196)</u>	<u>(28,000)</u>
NET CHANGE IN FUND BALANCES	-	3,399,617	-	(38,648)	(1,477,914)
BEGINNING FUND BALANCES	-	7,883,730	-	(95,072)	1,477,914
RESTATEMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BEGINNING FUND BALANCES, as restated	<u>-</u>	<u>7,883,730</u>	<u>-</u>	<u>(95,072)</u>	<u>1,477,914</u>
ENDING FUND BALANCES	\$ <u>-</u>	<u>11,283,347</u>	<u>-</u>	<u>(133,720)</u>	<u>-</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	
Laws of 2001	Laws of 2000	Laws of 1999	Laws of 1996	Laws of 1994	Total
-	690	-	-	-	690
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	187,774	-	-	9,387,858
-	690	187,774	-	-	9,388,548
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	341,223	-	-	12,136,985
-	-	341,223	-	-	12,136,985
-	690	(153,449)	-	-	(2,748,437)
-	-	-	-	-	(722,967)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,201,700
-	-	-	-	-	4,478,733
-	690	(153,449)	-	-	1,730,296
-	(50,020)	(9,367)	-	-	9,207,185
-	-	-	-	-	-
-	(50,020)	(9,367)	-	-	9,207,185
-	(49,330)	(162,816)	-	-	10,937,481

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, 2008

	PROPERTY CONTROL RESERVE			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	21,571,991	-	(21,571,991)
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	92,746	92,746
Other revenues	-	-	-	-
Other financing sources	-	-	<u>1,605,265</u>	<u>1,605,265</u>
 Total revenue	 -	 21,571,991	 <u>1,698,011</u>	 <u>(19,873,980)</u>
 Cash balance	 -	 -		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ <u>-</u>	 <u>21,571,991</u>		
 EXPENDITURES - current:				
Personal services and employee benefits	\$ -	-	-	-
Contractual services	-	304,645	-	304,645
Other	-	21,167,071	2,437,307	18,729,764
Other financing uses	-	<u>100,275</u>	<u>15,000</u>	<u>85,275</u>
 TOTAL EXPENDITURES	 \$ <u>-</u>	 <u>21,571,991</u>	 <u>2,452,307</u>	 <u>19,119,684</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, 2008

	LAWS OF 2002			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	20,579,405	1,488,229	(19,091,176)
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	-	-	-	-
Total revenue	-	20,579,405	<u>1,488,229</u>	<u>(19,091,176)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ -	<u>20,579,405</u>		
EXPENDITURES - current:				
Personal services and employee benefits	\$ -	-	-	-
Contractual services	-	594,500	-	594,500
Other	-	19,634,555	2,938,143	16,696,412
Other financing uses	-	350,350	28,000	322,350
	-	-	-	-
TOTAL EXPENDITURES	\$ -	<u>20,579,405</u>	<u>2,966,143</u>	<u>17,613,262</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, 2008

	LAWS OF 2003			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	14,358,604	1,270,221	(13,088,383)
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	-	14,358,604	<u>1,270,221</u>	<u>(13,088,383)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ -	<u>14,358,604</u>		
EXPENDITURES - current:				
Personal services and employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	14,072,058	1,300,673	12,771,385
Other financing uses	-	286,546	8,196	278,350
TOTAL EXPENDITURES	\$ -	<u>14,358,604</u>	<u>1,308,869</u>	<u>13,049,735</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, 2008

CAPITAL BUILDINGS 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	\$ -	-	336,658	336,658
Land rental	-	-	-	-
Severance tax bond proceeds	-	19,569,212	-	(19,569,212)
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	659,711	659,711
Other revenues	-	-	-	-
Other financing sources	-	-	832,726	832,726
 Total revenue	 -	 19,569,212	 <u>1,829,095</u>	 <u>(17,740,117)</u>
Cash balance	-	-		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ <u>-</u>	 <u>19,569,212</u>		
 EXPENDITURES - current:				
Personal services and employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other	-	19,386,902	3,471,306	15,915,596
Other financing uses	-	182,310	100,239	82,071
 TOTAL EXPENDITURES	 \$ <u>-</u>	 <u>19,569,212</u>	 <u>3,571,545</u>	 <u>15,997,667</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, 2008

TOBACCO TAX: DOH FACILITIES

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	<u>15,300,837</u>	<u>5,260,575</u>	<u>(10,040,262)</u>
Total revenue	-	15,300,837	<u>5,260,575</u>	<u>(10,040,262)</u>
Cash balance	-	<u>616,363</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ -	<u>15,917,200</u>		
EXPENDITURES - current:				
Personnel services and employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other costs	-	15,743,665	1,702,887	14,040,778
Other uses	-	<u>173,535</u>	<u>158,071</u>	<u>15,464</u>
TOTAL EXPENDITURES	\$ -	<u>15,917,200</u>	<u>1,860,958</u>	<u>14,056,242</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, 2008

	LAWS OF 2006			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	35,650,000	35,650,000	10,120,531	(35,571,000)
Appropriations	-	-	79,000	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>26,467,000</u>	<u>26,467,000</u>	<u>21,476,519</u>	<u>(4,990,481)</u>
Total revenue	62,117,000	62,117,000	<u>31,676,050</u>	<u>(40,561,481)</u>
Cash balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>62,117,000</u>	<u>62,117,000</u>		
EXPENDITURES - current:				
Personnel services and employee benefits	\$ -	-	-	-
Contractual services	270,000	270,000	-	270,000
Other costs	60,988,771	60,988,771	7,070,423	53,918,348
Other uses	<u>858,229</u>	<u>858,229</u>	<u>1,099,471</u>	<u>(241,242)</u>
TOTAL EXPENDITURES	\$ <u>62,117,000</u>	<u>62,117,000</u>	<u>8,169,894</u>	<u>53,947,106</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, 2008

	ADMINISTRATIVE COSTS			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	531,700	531,700	-	(531,700)
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	<u>1,738,780</u>	<u>1,738,780</u>
Total revenue	531,700	531,700	<u>1,738,780</u>	<u>1,207,080</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>531,700</u>	<u>531,700</u>		
EXPENDITURES - current:				
Personnel services and employee benefits	\$ -	-	-	-
Contractual services	-	212,600	-	212,600
Other costs	335,700	123,100	148,462	(25,362)
Other uses	<u>196,000</u>	<u>196,000</u>	-	<u>196,000</u>
TOTAL EXPENDITURES	\$ <u>531,700</u>	<u>531,700</u>	<u>148,462</u>	<u>383,238</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, 2008

	PURCHASING DIVISION FEES			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Service fees	\$ 310,300	310,300	219,761	(90,539)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	310,300	310,300	219,761	(90,539)
Total revenue				
Fund balance	195,700	195,700		
TOTAL REVENUES, OTHER FINANCING SOURCES AND FUND BALANCE BUDGETED	\$ 506,000	506,000		
EXPENDITURES - current:				
Personal services and employee benefits	\$ 325,300	325,300	-	325,300
Contractual services	34,300	34,300	-	34,300
Other	90,600	90,600	276,190	(185,590)
Other financing uses	55,800	55,800	55,800	-
TOTAL EXPENDITURES	\$ 506,000	506,000	331,990	174,010

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, 2008

	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>-</u>	<u>(11,900)</u>
Total revenue	179,600	179,600	<u>-</u>	<u>(179,600)</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 and employee benefits	\$ 162,600	162,600	-	162,600
Contractual services	-	-	-	-
Other costs	17,000	17,000	-	17,000
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	\$ <u>179,600</u>	<u>179,600</u>	<u>-</u>	<u>179,600</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, 2008

	PUBLIC BUILDINGS REPAIR			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	70,370	70,370
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	7,720,360	7,720,360	-	(7,720,360)
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	74,976	74,976
 Total revenue	 7,720,360	 7,720,360	 <u>145,346</u>	 <u>(7,575,014)</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 and employee benefits	\$ -	-	-	-
Other costs	15,643,961	15,643,961	-	15,643,961
Other uses	<u>123,710</u>	<u>123,710</u>	-	<u>123,710</u>
 TOTAL EXPENDITURES	 \$ <u>15,767,671</u>	 <u>15,767,671</u>	 <u>-</u>	 <u>15,767,671</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, 2008

	LAWS OF 2004			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	15,135,000	15,135,000	4,813,797	(10,321,203)
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	15,135,000	15,135,000	<u>4,813,797</u>	<u>(10,321,203)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>15,135,000</u>	<u>15,135,000</u>		
EXPENDITURES - current:				
Personnel services and employee benefits	\$ -	-	-	-
Contractual services	10,000	10,000	-	10,000
Other costs	13,767,725	13,767,725	4,574,409	9,193,316
Other uses	<u>1,357,275</u>	<u>1,357,275</u>	<u>239,388</u>	<u>1,117,887</u>
TOTAL EXPENDITURES	\$ <u>15,135,000</u>	<u>15,135,000</u>	<u>4,813,797</u>	<u>10,321,203</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, 2008

	LAWS OF 2005			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	24,397,976	1,627,837	(22,770,139)
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	-	24,397,976	<u>1,627,837</u>	<u>(22,770,139)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ -	<u>24,397,976</u>		
EXPENDITURES - current:				
Personnel services and employee benefits	\$ -	-	-	-
Contractual services	-	2,075,100	-	2,075,100
Other costs	-	21,978,176	1,279,650	20,698,526
Other uses	-	344,700	348,187	(3,487)
TOTAL EXPENDITURES	\$ -	<u>24,397,976</u>	<u>1,627,837</u>	<u>22,770,139</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, 2008

	LAWS OF 2000			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	690	690
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	-	-	-	-
Total revenue	-	-	690	690
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ -	-		
EXPENDITURES - current:				
Personnel services and employee benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
	-	-	-	-
TOTAL EXPENDITURES	\$ -	-	-	-

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, 2008

	LAWS OF 1999			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ -	-	-	-
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	6,284,418	187,774	(6,096,644)
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	-	6,284,418	<u>187,774</u>	<u>(6,096,644)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>-</u>	<u>6,284,418</u>		
EXPENDITURES - current:				
Contractual services	\$ -	50,000	-	50,000
Other costs	-	6,147,062	341,223	5,805,839
Other uses	-	87,356	-	87,356
TOTAL EXPENDITURES	\$ <u>-</u>	<u>6,284,418</u>	<u>341,223</u>	<u>5,943,195</u>

MAJOR AND NON-MAJOR FUNDS

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 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

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 (LPB) 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

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, 2008

	19700 Administration Services Division	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	\$ 3,050,455	79,786	149,565	-
Receivables:				
Interest receivable	-	-	-	-
Accounts/trade receivables	3,602	50,440	130,381	-
Allowance for doubtful accounts	(2,692)	(4,377)	(29,227)	-
Due from other funds	35,941	70,224	54,159	86,732
Due from other agencies	-	-	-	-
Loan	-	-	-	-
Other Assets	-	1,472	8,317	-
Inventories	<u>7,884</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	3,095,190	197,545	313,195	86,732
NON-CURRENT ASSETS:				
Capital assets	60,209	119,613	7,206,796	-
Accumulated depreciation	<u>(59,310)</u>	<u>(85,802)</u>	<u>(3,915,345)</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS	<u>899</u>	<u>33,811</u>	<u>3,291,451</u>	<u>-</u>
TOTAL ASSETS	\$ <u>3,096,089</u>	<u>231,356</u>	<u>3,604,646</u>	<u>86,732</u>

**STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT**

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

<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>
30,000	72,713	7,082,402	28,577	-	4,640,934
-	-	-	-	-	40,681
-	-	-	349,901	-	400,950
-	-	-	(28,142)	-	(400,950)
21,751	126,775	197,933	38,689	302,881	37,121
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	6,623	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>384,551</u>	<u>-</u>	<u>-</u>
51,751	199,488	7,280,335	773,576	309,504	4,718,736
-	-	-	1,463,976	165,677	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,341,900)</u>	<u>(149,328)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>122,076</u>	<u>16,349</u>	<u>-</u>
<u>51,751</u>	<u>199,488</u>	<u>7,280,335</u>	<u>895,652</u>	<u>325,853</u>	<u>4,718,736</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

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

AS OF JUNE 30, 2008

	<u>35400</u> LPB <u>Unemployment</u> <u>Compensation</u>	<u>35800</u> Surety <u>Bond</u>	<u>21500</u> Employee <u>Assistance</u>	<u>35600</u> Public <u>Property</u> <u>Reserve</u>	<u>Total</u>
ASSETS:					
CURRENT ASSETS:					
State General Fund Investment Pool at the State Treasurer's Office	\$ 1,065,545	1,206,818	454,141	6,559,276	24,420,212
Receivables:					
Interest receivable	17,789	7,012	-	38,459	103,941
Accounts/trade receivables	14,842	246,009	7,957	37,687	1,241,769
Allowance for doubtful accounts	(14,842)	(246,009)	-	(37,687)	(763,926)
Due from (to) other funds	-	-	-	-	972,206
Due from other agencies	-	-	-	-	-
Loan	-	-	-	-	-
Other assets	-	-	-	-	16,412
Inventories	-	-	-	-	392,435
TOTAL CURRENT ASSETS	1,083,334	1,213,830	462,098	6,597,735	26,383,049
NON-CURRENT ASSETS:					
Capital assets	-	-	-	-	9,016,271
Accumulated depreciation	-	-	-	-	(5,551,685)
TOTAL NON-CURRENT ASSETS	-	-	-	-	3,464,586
TOTAL ASSETS	\$ <u>1,083,334</u>	<u>1,213,830</u>	<u>462,098</u>	<u>6,597,735</u>	<u>29,847,635</u>

AS OF JUNE 30, 2008

	<u>19700</u> <u>Administration</u> <u>Services</u> <u>Division</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>
LIABILITIES AND NET ASSETS:				
LIABILITIES:				
CURRENT LIABILITIES:				
Bank overdraft	\$ -	-	-	34,090
Claims payable	-	-	-	-
Accounts payable	44,868	8,819	151,019	-
Deferred revenue	-	-	-	-
Accrued expenses	125,978	16,330	30,536	-
Due to other funds	176,403	-	250,000	183,927
Loan payable	-	-	-	-
Due to other agencies	-	-	-	-
Capital leases payable	-	-	-	-
Accrued compensated absences	<u>85,965</u>	<u>14,000</u>	<u>26,187</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	433,214	39,149	457,742	218,017
LONG-TERM DEBT:				
Claims payable	-	-	-	-
Compensated absences payable	<u>46,290</u>	<u>7,539</u>	<u>14,100</u>	<u>-</u>
TOTAL LONG-TERM DEBT	<u>46,290</u>	<u>7,539</u>	<u>14,100</u>	<u>-</u>
TOTAL LIABILITIES	479,504	46,688	471,842	218,017
NET ASSETS:				
Invested in capital assets, net of related debt	899	33,811	3,291,451	-
Restricted for insurance/claims	-	-	-	-
Unrestricted	<u>2,615,686</u>	<u>150,857</u>	<u>(158,647)</u>	<u>(131,285)</u>
TOTAL NET ASSETS	<u>2,616,585</u>	<u>184,668</u>	<u>3,132,804</u>	<u>(131,285)</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,096,089</u>	<u>231,356</u>	<u>3,604,646</u>	<u>86,732</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of 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
-	-	-	-	66,017	-
-	-	-	-	-	4,501,240
-	-	-	71,642	58,042	1,109,917
-	-	-	-	-	-
-	-	-	63,122	264,016	2,314
109,333	325,777	-	6,347	13,507	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	25,857	116,683	-
109,333	325,777	-	166,968	518,265	5,613,471
-	-	-	-	-	-
-	-	-	13,923	62,830	-
-	-	-	13,923	62,830	-
109,333	325,777	-	180,891	581,095	5,613,471
-	-	-	122,076	16,349	-
-	-	-	-	-	4,501,240
(57,582)	(126,289)	7,280,335	592,685	(271,591)	(5,395,975)
(57,582)	(126,289)	7,280,335	714,761	(255,242)	(894,735)
51,751	199,488	7,280,335	895,652	325,853	4,718,736

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

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

AS OF JUNE 30, 2008

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
LIABILITIES AND NET ASSETS:					
LIABILITIES:					
CURRENT LIABILITIES:					
Bank overdraft	\$ -	-	-	-	100,107
Claims payable	1,030,784	-	-	1,865,624	7,397,648
Accounts payable	233,673	-	95,650	659,716	2,433,346
Deferred revenue	-	-	-	-	-
Accrued expenses	119	-	35,622	28,779	566,816
Due to other fund	-	-	-	-	1,065,294
Loan payable	-	-	-	-	-
Due to other agencies	-	-	-	-	-
Capital leases payable	-	-	-	-	-
Accrued compensated absences	-	-	-	-	<u>268,692</u>
TOTAL CURRENT LIABILITIES	1,264,576	-	131,272	2,554,119	11,831,903
LONG-TERM DEBT:					
Claims payable	-	30,146	-	-	30,146
Compensated absences payable	-	-	-	-	<u>144,682</u>
TOTAL LONG-TERM DEBT	-	-	-	-	<u>144,682</u>
TOTAL LIABILITIES	1,264,576	30,146	131,272	2,554,119	12,006,731
NET ASSETS:					
Invested in capital assets, net of related debt	-	-	-	-	3,464,586
Restricted for insurance/claims	1,030,784	30,146	-	1,865,624	7,427,794
Unrestricted	<u>(1,212,026)</u>	<u>1,153,538</u>	<u>330,826</u>	<u>2,177,992</u>	<u>6,948,524</u>
TOTAL NET ASSETS	<u>(181,242)</u>	<u>1,183,684</u>	<u>330,826</u>	<u>4,043,616</u>	<u>17,840,904</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,083,334</u>	<u>1,213,830</u>	<u>462,098</u>	<u>6,597,735</u>	<u>29,847,635</u>

AS OF JUNE 30, 2008

	<u>19700</u> <u>Administration</u> <u>Services</u> <u>Division</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	\$ 17,420	309,074	(540)	-
Federal funds	-	-	-	-
Interest income	-	-	-	-
Other revenue	<u>77</u>	<u>215,927</u>	<u>582,044</u>	<u>-</u>
TOTAL REVENUES	17,497	525,001	581,504	-
OPERATING EXPENSE:				
Personnel services	1,979,171	277,720	312,617	-
Employee benefits	676,368	121,260	183,568	-
In-state travel	1,714	42	-	-
Out-of-state travel	676	-	10,628	-
Maintenance and repairs	21,897	-	426,978	-
Supplies	27,333	6,993	763	-
Contractual services	159,794	3,570	-	-
Depreciation	883	8,247	953,099	-
Operating costs	162,575	165	656,856	-
Other costs	<u>1,522</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>3,031,933</u>	<u>417,997</u>	<u>2,544,509</u>	<u>-</u>
OPERATING INCOME (LOSS)	(3,014,436)	107,004	(1,963,005)	-

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
-	-	-	1,293,953	40	5,719,090
-	-	-	-	-	-
-	-	-	-	-	373,732
-	-	-	291	458	-
-	-	-	1,294,244	498	6,092,822
-	-	-	645,686	2,743,858	-
-	-	-	267,675	1,139,368	-
-	-	-	-	17,762	-
-	-	-	-	6,750	-
-	-	-	10,993	13,550	-
-	-	-	242,325	24,493	4,600,637
-	-	-	-	16,188	-
-	-	-	40,461	8,139	-
-	-	-	492,026	469,340	189,117
-	-	-	8,129	33,625	-
-	-	-	1,707,295	4,473,073	4,789,754
-	-	-	(413,051)	(4,472,575)	1,303,068

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, 2008

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
OPERATING REVENUE:					
Service fees/premiums	\$ 3,388,347	-	556,055	8,424,133	19,707,572
Federal funds	-	-	-	-	-
Interest income	118,515	54,205	-	201,365	747,817
Other revenue	<u>-</u>	<u>44,702</u>	<u>-</u>	<u>202,530</u>	<u>1,046,029</u>
TOTAL REVENUES	3,506,862	98,907	556,055	8,828,028	21,501,418
OPERATING EXPENSE:					
Personnel services	-	-	-	-	5,959,052
Employee benefits	-	-	-	-	2,388,239
In-state travel	-	-	-	-	19,518
Out-of-state travel	-	-	-	-	18,054
Maintenance and repairs	-	-	-	-	473,418
Supplies	-	-	-	-	4,902,544
Contractual services	53,000	-	990,006	-	1,222,558
Depreciation	-	-	-	-	1,010,829
Operating costs	2,286,646	-	-	7,307,820	11,564,545
Other costs	<u>1,092,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,135,448</u>
TOTAL EXPENSES	<u>3,431,818</u>	<u>-</u>	<u>990,006</u>	<u>7,307,820</u>	<u>28,694,205</u>
OPERATING INCOME (LOSS)	75,044	98,907	(433,951)	1,520,208	(7,192,787)

AS OF JUNE 30, 2008

	<u>19700</u> <u>Administration</u> <u>Services</u> <u>Division</u>	<u>36000</u> <u>Surplus</u> <u>Property</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>
NON-OPERATING				
REVENUE (EXPENSE):				
Intra-agency transfers	\$ 3,066,200	-	-	-
Other financing sources (uses):				
Transfers:				
General appropriations	-	-	824,700	-
Other state agency transfers	-	-	6,400	(4,975,934)
Other state funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL NON-OPERATING				
REVENUE (EXPENSE)	<u>3,066,200</u>	<u>-</u>	<u>831,100</u>	<u>(4,975,934)</u>
INCOME BEFORE TRANSFERS	51,764	107,004	(1,131,905)	(4,975,934)
TRANSFERS (FROM) TO	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	51,764	107,004	(1,131,905)	(4,975,934)
BEGINNING NET ASSETS	2,564,821	77,664	4,264,709	4,844,649
RESTATEMENT OF NET ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
BEGINNING NET ASSETS,				
as restated	<u>2,564,821</u>	<u>77,664</u>	<u>4,264,709</u>	<u>4,844,649</u>
ENDING NET ASSETS	\$ <u>2,616,585</u>	<u>184,668</u>	<u>3,132,804</u>	<u>(131,285)</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
-	-	-	(75,500)	3,353,747	(47,000)
(1,396,468)	(29,579,212)	2,264,580	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,396,468)</u>	<u>(29,579,212)</u>	<u>2,264,580</u>	<u>(75,500)</u>	<u>3,353,747</u>	<u>(47,000)</u>
(1,396,468)	(29,579,212)	2,264,580	(488,551)	(1,118,828)	1,256,068
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,396,468)</u>	<u>(29,579,212)</u>	<u>2,264,580</u>	<u>(488,551)</u>	<u>(1,118,828)</u>	<u>1,256,068</u>
1,338,886	29,452,923	5,015,755	1,203,312	863,586	(2,150,803)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>(57,582)</u>	<u>(126,289)</u>	<u>7,280,335</u>	<u>714,761</u>	<u>(255,242)</u>	<u>(894,735)</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, 2008

	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)	6,062,747
Other financing sources (uses):					
Transfers:					
General appropriations	-	-	-	-	824,700
Other state agency transfers	-	-	9	-	(33,680,625)
Other state funds	-	-	-	-	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>(47,000)</u>	<u>(30,900)</u>	<u>9</u>	<u>(156,800)</u>	<u>(26,793,178)</u>
INCOME BEFORE TRANSFERS	28,044	68,007	(433,942)	1,363,408	(33,985,965)
TRANSFERS (FROM) TO	-	-	-	-	-
CHANGE IN NET ASSETS	28,044	68,007	(433,942)	1,363,408	(33,985,965)
BEGINNING NET ASSETS	(209,286)	1,115,677	764,768	2,680,208	51,826,869
RESTATEMENT OF NET ASSETS	-	-	-	-	-
BEGINNING NET ASSETS, as restated	<u>(209,286)</u>	<u>1,115,677</u>	<u>764,768</u>	<u>2,680,208</u>	<u>51,826,869</u>
NET ASSETS, END OF YEAR	<u>(181,242)</u>	<u>1,183,684</u>	<u>330,826</u>	<u>4,043,616</u>	<u>17,840,904</u>

AS OF JUNE 30, 2008

	19700 Administration Services Division	36000 Surplus Property Bureau	41700 State Aircraft Pool	36200 Office of Information Processing
OPERATING ACTIVITIES:				
Fees received	\$ 17,419	307,603	607,779	5,888,163
Other income	77	215,927	-	-
Cash paid to supplies and employees	(3,132,029)	(449,634)	(1,547,856)	(5,458,999)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(3,114,533)	73,896	(940,077)	429,164
NON-CAPITAL FINANCING ACTIVITIES:				
Appropriation from/reversion to State General Fund	-	-	824,700	-
Severance tax bond proceeds	-	-	-	-
Transfers	<u>3,066,200</u>	<u>-</u>	<u>6,400</u>	<u>(471,342)</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	3,066,200	-	831,100	(471,342)
CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital leases and expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,775,812)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	(2,775,812)
NET INCREASE (DECREASE) IN CASH	(48,333)	73,896	(108,977)	(2,817,990)
BEGINNING CASH	<u>3,098,788</u>	<u>5,890</u>	<u>258,542</u>	<u>2,783,900</u>
ENDING CASH	\$ <u>3,050,455</u>	<u>79,786</u>	<u>149,565</u>	<u>(34,090)</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Combining Statement of Cash Flows -
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>
642	5,876,015	-	1,293,954	-	8,128,433
-	-	-	291	-	373,732
(1,016,286)	(2,692,848)	(5,106,642)	(1,768,451)	(4,617,788)	(9,761,455)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,015,644)	3,183,167	(5,106,642)	(474,206)	(4,617,788)	(1,259,290)
-	-	-	-	-	-
-	-	-	-	-	-
<u>(1,395,395)</u>	<u>(5,737,460)</u>	<u>2,264,580</u>	<u>(75,500)</u>	<u>3,353,747</u>	<u>(47,000)</u>
(1,395,395)	(5,737,460)	2,264,580	(75,500)	3,353,747	(47,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(2,411,039)	(2,554,293)	(2,842,062)	(549,706)	(1,264,041)	(1,306,290)
<u>2,441,039</u>	<u>2,627,006</u>	<u>9,924,464</u>	<u>578,283</u>	<u>1,198,024</u>	<u>5,947,224</u>
<u>30,000</u>	<u>72,713</u>	<u>7,082,402</u>	<u>28,577</u>	<u>(66,017)</u>	<u>4,640,934</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

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

AS OF JUNE 30, 2008

	35400 LPB Unemployment Compensation	35800 Surety Bond	21500 Employee Assistance	35600 Public Property Reserve	Total
OPERATING ACTIVITIES:					
Fees received	\$ 4,644,834	-	556,055	8,424,133	35,745,030
Other income	118,515	98,907	-	403,895	1,211,344
Cash paid to supplies and employees	(4,061,747)	(87,309)	(875,089)	(7,061,203)	(47,637,336)
Prior period adjustment	-	-	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	701,602	11,598	(319,034)	1,766,825	(10,680,962)
NON-CAPITAL FINANCING ACTIVITIES:					
Appropriation from/reversion to State General Fund	-	-	-	-	824,700
Severance tax bond proceeds	-	-	-	-	-
Transfers	(47,000)	(30,900)	9	(156,800)	729,539
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(47,000)	(30,900)	9	(156,800)	1,554,239
CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital leases and expenditures	-	-	-	-	(2,775,812)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	-	(2,775,812)
NET INCREASE (DECREASE) IN CASH	654,602	(19,302)	(319,025)	1,610,025	(11,902,535)
BEGINNING CASH	410,943	1,226,120	773,166	4,949,251	36,222,640
ENDING CASH	\$ 1,065,545	1,206,818	454,141	6,559,276	24,320,105

AS OF JUNE 30, 2008

	19700 Administration Services Division	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)	\$ (3,014,436)	107,004	(1,963,005)	-
Adjustments:				
Depreciation	883	8,247	953,099	-
Loss on disposal of capital assets	-	-	-	-
Prior period adjustment	-	-	-	-
(Increase) Decrease in assets				
Accounts receivable, interest receivable and due from other agencies and funds	4,615	(6,575)	34,592	5,654,722
Inventories	7,002	-	-	144,589
Other assets	-	(1,471)	(8,317)	2,120
Increase (decrease) in liabilities:				
Insurance claim payable	-	-	-	-
Accounts/federal claims payable and due to other agencies and funds	57,976	(45,583)	47,298	(4,675,270)
Accrued expenses	(103,646)	(2,279)	(3,287)	(490,879)
Deferred Revenue	-	-	-	-
Accrued compensated absences	(66,927)	14,553	(457)	(206,118)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (3,114,533)	73,896	(940,077)	429,164

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

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

<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>	<u>35400</u> <u>LPB</u> <u>Unemployment</u> <u>Compensation</u>
-	-	-	(413,051)	(4,472,575)	1,303,068	75,044
-	-	-	40,461	8,139	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	5,876,015	-	44,470	(51,684)	2,409,343	1,256,487
-	-	-	(15,195)	-	-	-
642	-	-	-	(1,230)	-	-
-	-	-	-	-	84,752	81,239
(950,393)	(2,104,045)	(401,070)	(127,385)	(74,625)	(5,056,453)	(711,287)
(41,273)	(395,175)	-	(4,570)	(23,105)	-	119
-	-	(4,705,572)	-	-	-	-
<u>(24,620)</u>	<u>(193,628)</u>	<u>-</u>	<u>1,064</u>	<u>(2,708)</u>	<u>-</u>	<u>-</u>
<u>(1,015,644)</u>	<u>3,183,167</u>	<u>(5,106,642)</u>	<u>(474,206)</u>	<u>(4,617,788)</u>	<u>(1,259,290)</u>	<u>701,602</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

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

AS OF JUNE 30, 2008

	<u>35800</u>	<u>21500</u>	<u>35600</u>	
	Surety Bond	Employee Assistance	Public Property Reserve	Total
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM:				
OPERATING ACTIVITIES:				
Operating income (loss)	\$ 98,907	(433,951)	1,520,208	(7,192,787)
Adjustments:				
Depreciation	-	-	-	1,010,829
Loss on disposal of capital assets	-	-	-	-
Prior period adjustment	-	-	-	-
(Increase) Decrease in assets				
Accounts receivable, interest receivable and due from other agencies and funds	25,093	-	112,228	15,359,306
Inventories	-	-	-	136,396
Other assets	-	-	-	(8,256)
Increase (decrease) in liabilities:				
Insurance claim payable	(112,402)	-	-	53,589
Accounts/federal claims payable and due to other agencies and funds	-	79,295	105,610	(13,855,932)
Accrued expenses	-	35,622	28,779	(999,694)
Deferred revenue	-	-	-	(4,705,572)
Accrued compensated absences	-	-	-	(478,841)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u>11,598</u>	<u>(319,034)</u>	<u>1,766,825</u>	<u>(10,680,962)</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, 2008

	ADMINISTRATIVE SERVICES DIVISION			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Service fees	\$ -	-	17,420	17,420
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	77	77
Other financing sources	<u>1,988,300</u>	<u>2,439,200</u>	<u>3,066,200</u>	<u>627,000</u>
Total revenue	1,988,300	2,439,200	<u>3,083,697</u>	<u>644,497</u>
Cash balance	<u>1,174,100</u>	<u>1,326,500</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>3,162,400</u>	<u>3,765,700</u>		
EXPENSES - current:				
Personal services and employee benefits	\$ 2,573,500	2,773,500	2,657,929	115,571
Contractual services	197,600	450,900	159,794	291,106
Other costs	233,200	383,200	213,327	169,873
Other uses	<u>158,100</u>	<u>158,100</u>	-	<u>158,100</u>
TOTAL EXPENSES BEFORE DEPRECIATION	3,162,400	3,765,700	3,031,050	734,650
DEPRECIATION NOT BUDGETED	-	-	<u>883</u>	<u>(883)</u>
TOTAL EXPENSES	\$ <u>3,162,400</u>	<u>3,765,700</u>	<u>3,031,933</u>	<u>733,767</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, 2008

	STATE TRANSPORTATION POOL			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 7,236,300	7,236,300	10,087,404	2,851,104
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	26,497	26,497
Other financing sources	-	-	-	-
 Total revenue	 7,236,300	 7,236,300	 <u>10,113,901</u>	 <u>2,877,601</u>
 Cash balance	 <u>1,500,000</u>	 <u>3,074,000</u>		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ <u>8,736,300</u>	 <u>10,310,300</u>		
 EXPENSES - current:				
Personal services and employee benefits	\$ 1,313,200	1,313,200	1,278,056	35,144
Contractual services	20,500	50,500	31,592	18,908
Other costs	7,074,500	8,618,500	5,232,789	3,385,711
Other uses	<u>328,100</u>	<u>328,100</u>	<u>328,100</u>	<u>-</u>
 TOTAL EXPENSES BEFORE DEPRECIATION	 8,736,300	 10,310,300	 6,870,537	 3,439,763
 DEPRECIATION NOT BUDGETED	 <u>-</u>	 <u>-</u>	 <u>2,256,938</u>	 <u>(2,256,938)</u>
 TOTAL EXPENSES	 \$ <u>8,736,300</u>	 <u>10,310,300</u>	 <u>9,127,475</u>	 <u>1,182,825</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, 2008

	SURPLUS PROPERTY BUREAU			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 549,000	549,000	525,001	(23,999)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	549,000	549,000	525,001	(23,999)
Total revenue				
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ 549,000	549,000		
EXPENSES - current:				
Personnel services and employee benefits	\$ 465,600	465,600	399,022	66,578
Supplies	10,200	10,200	7,156	3,044
Contractual services	73,200	73,200	3,570	69,630
Other costs	-	-	-	-
	549,000	549,000	409,748	139,252
TOTAL EXPENSES BEFORE DEPRECIATION				
DEPRECIATION NOT BUDGETED	-	-	8,247	(8,247)
TOTAL EXPENSES	\$ 549,000	549,000	417,995	131,005

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, 2008

	STATE AIRCRAFT POOL			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 976,900	976,900	581,504	(395,396)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	824,700	824,700	824,700	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>6,400</u>	<u>6,400</u>	<u>6,400</u>	<u>-</u>
Total revenue	1,808,000	1,808,000	<u>1,412,604</u>	<u>(395,396)</u>
Cash balance	<u>-</u>	<u>-</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>1,808,000</u>	<u>1,808,000</u>		
EXPENSES - current:				
Personal services and employee benefits	\$ 489,800	489,800	506,813	(17,013)
Contractual services	2,000	2,000	-	2,000
Other costs	1,316,200	1,316,200	1,084,597	231,603
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES BEFORE DEPRECIATION	1,808,000	1,808,000	1,591,410	216,590
DEPRECIATION NOT BUDGETED	<u>-</u>	<u>-</u>	<u>953,099</u>	<u>(953,099)</u>
TOTAL EXPENSES	\$ <u>1,808,000</u>	<u>1,808,000</u>	<u>2,544,509</u>	<u>(736,509)</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, 2008

	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	-	(18,024,300)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	3,066,200	3,066,200
	-----	-----	-----	-----
Total revenue	17,288,000	18,024,300	<u>3,066,200</u>	<u>(14,958,100)</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	-	7,249,900
Contractual services	6,846,900	7,186,000	-	7,186,000
Other costs	2,833,100	3,030,300	-	3,030,300
Other uses	558,100	558,100	-	558,100
	-----	-----	-----	-----
TOTAL EXPENSES BEFORE DEPRECIATION	17,288,000	18,024,300	-	18,024,300
DEPRECIATION NOT BUDGETED	-----	-----	-----	-----
TOTAL EXPENSES	\$ <u>17,288,000</u>	<u>18,024,300</u>	<u>-</u>	<u>18,024,300</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, 2008

	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	-	(1,921,700)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	1,921,700	1,921,700	-	(1,921,700)
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	-	840,600
Contractual services	187,200	2,074,900	-	2,074,900
Other costs	776,300	776,300	-	776,300
Other uses	<u>117,600</u>	<u>117,600</u>	<u>1,396,468</u>	<u>(1,278,868)</u>
TOTAL EXPENSES BEFORE DEPRECIATION	1,921,700	3,809,400	1,396,468	2,412,932
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>1,921,700</u>	<u>3,809,400</u>	<u>1,396,468</u>	<u>2,412,932</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, 2008

	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	-	(22,231,200)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	1,911,800	-	(1,911,800)
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
 Total revenue	 18,109,400	 24,143,000	 <u>-</u>	 <u>(24,143,000)</u>
 Cash balance	 <u>-</u>	 <u>2,500,000</u>		
 TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	 \$ <u>18,109,400</u>	 <u>26,643,000</u>		
 EXPENSES - current:				
Personnel services and employee benefits	\$ 4,951,300	5,636,800	-	5,636,800
Contractual services	338,600	456,300	-	456,300
Other costs	11,812,100	19,542,500	-	19,542,500
Other uses	<u>1,007,400</u>	<u>1,007,400</u>	<u>29,579,212</u>	<u>(28,571,812)</u>
 TOTAL EXPENSES BEFORE DEPRECIATION	 18,109,400	 26,643,000	 29,579,212	 (2,936,212)
 DEPRECIATION NOT BUDGETED	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 TOTAL EXPENSES	 \$ <u>18,109,400</u>	 <u>26,643,000</u>	 <u>29,579,212</u>	 <u>(2,936,212)</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, 2008

	DIGITAL MICROWAVE			
	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	-	-	-	-
Other financing sources	<u>4,800,000</u>	<u>4,800,000</u>	<u>2,264,580</u>	<u>(2,535,420)</u>
Total revenue	4,800,000	4,800,000	<u>2,264,580</u>	<u>(2,535,420)</u>
Cash balance	<u>-</u>	<u>-</u>	<u>-</u>	
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>4,800,000</u>	<u>4,800,000</u>	<u>-</u>	
EXPENSES - current:				
Other costs	\$ <u>4,800,000</u>	<u>4,800,000</u>	<u>-</u>	<u>4,800,000</u>
TOTAL EXPENSES BEFORE DEPRECIATION	4,800,000	4,800,000	-	4,800,000
DEPRECIATION NOT BUDGETED	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	\$ <u>4,800,000</u>	<u>4,800,000</u>	<u>-</u>	<u>4,800,000</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, 2008

	STATE PRINTING			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	\$ 2,636,600	2,636,600	1,294,244	(1,342,356)
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	2,636,600	2,636,600	<u>1,294,244</u>	<u>(1,342,356)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>2,636,600</u>	<u>2,636,600</u>		
EXPENSES - current:				
Personnel services and employee benefits	\$ 1,235,900	1,235,900	913,361	322,539
Contractual services	13,000	13,000	-	13,000
Other costs	1,312,200	1,312,200	677,973	634,227
Other uses	<u>75,500</u>	<u>75,500</u>	<u>75,500</u>	-
TOTAL EXPENSES BEFORE DEPRECIATION	2,636,600	2,636,600	1,666,834	969,766
DEPRECIATION NOT BUDGETED	-	-	<u>40,461</u>	<u>(40,461)</u>
TOTAL EXPENSES	\$ <u>2,636,600</u>	<u>2,636,600</u>	<u>1,707,295</u>	<u>929,305</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, 2008

	RISK MANAGEMENT OPERATING			
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Service fees	-	-	498	498
Land rental	-	-	-	-
Severance tax bond proceeds	-	-	-	-
Appropriations	-	-	-	-
Federal funds	-	-	-	-
Interest	-	-	-	-
Other revenues	-	-	-	-
Other financing sources	<u>4,314,000</u>	<u>5,391,000</u>	<u>3,353,747</u>	<u>(2,037,253)</u>
Total revenue	4,314,000	5,391,000	<u>3,354,245</u>	<u>(2,036,755)</u>
Cash balance	<u>500,000</u>	<u>500,000</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>4,814,000</u>	<u>5,891,000</u>		
EXPENSES - current:				
Personnel services and employee benefits	\$ 3,785,000	4,535,000	3,907,738	627,262
Contractual services	-	10,000	16,188	(6,188)
Other costs	646,400	936,400	541,008	395,392
Other uses	<u>409,600</u>	<u>409,600</u>	-	<u>409,600</u>
TOTAL EXPENSES BEFORE DEPRECIATION	4,841,000	5,891,000	4,464,934	1,426,066
DEPRECIATION NOT BUDGETED	-	-	<u>8,139</u>	<u>(8,139)</u>
TOTAL EXPENSES	\$ <u>4,841,000</u>	<u>5,891,000</u>	<u>4,473,073</u>	<u>1,417,927</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, 2008

	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	-	-	-	-
Insurance assesments	6,780,900	6,780,900	6,092,822	(688,078)
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenue	6,780,900	6,780,900	<u>6,092,822</u>	<u>(688,078)</u>
Cash balance	-	<u>3,370,000</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>6,780,900</u>	<u>10,150,900</u>		
EXPENSES - current:				
Contractual services	\$ 151,500	151,500	-	151,500
Other costs	6,582,400	9,952,400	4,789,754	5,162,646
Other uses	<u>47,000</u>	<u>47,000</u>	<u>47,000</u>	-
TOTAL EXPENSES BEFORE DEPRECIATION	6,780,900	10,150,900	4,836,754	5,314,146
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>6,780,900</u>	<u>10,150,900</u>	<u>4,836,754</u>	<u>5,314,146</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, 2008

	LOCAL PUBLIC BODY 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	-	-	-	-
Insurance Assesments	2,000,000	2,000,000	3,388,347	1,388,347
Interest	-	-	118,515	118,515
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	-	-	-	-
Total revenue	2,000,000	2,000,000	3,506,862	1,506,862
Cash balance	-	3,019,000		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ 2,000,000	5,019,000		
EXPENSES - current:				
Contractual services	\$ 54,000	54,000	53,000	1,000
Other costs	1,899,000	4,918,000	3,378,818	1,539,182
Other uses	47,000	47,000	47,000	-
	-	-	-	-
TOTAL EXPENSES BEFORE DEPRECIATION	2,000,000	5,019,000	3,478,818	1,540,182
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ 2,000,000	5,019,000	3,478,818	1,540,182

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, 2008

	PUBLIC LIABILITY			
	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 assessments	44,653,800	44,653,800	37,588,967	(7,064,833)
Interest	-	-	2,592,439	2,592,439
Other revenues	-	-	19,070	19,070
Other financing sources	-	-	-	-
Total revenue	44,653,800	44,653,800	<u>40,200,476</u>	<u>(4,453,324)</u>
Cash balance	-	<u>1,500,900</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>44,653,800</u>	<u>46,154,700</u>		
EXPENSES - current:				
In-state travel	\$ -	-	-	-
Contractual services	17,025,000	17,025,000	11,486,138	5,538,862
Other costs	24,597,800	24,597,800	28,457,565	(3,859,765)
Other uses	<u>3,031,000</u>	<u>4,531,900</u>	<u>4,130,647</u>	<u>401,253</u>
TOTAL EXPENSES BEFORE DEPRECIATION	44,653,800	46,154,700	44,074,350	2,080,350
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>44,653,800</u>	<u>46,154,700</u>	<u>44,074,350</u>	<u>2,080,350</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, 2008

	SURETY BOND			
	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	-	-	54,205	54,205
Other revenues	-	-	44,702	44,702
Other financing sources	-	-	-	-
Total revenue	-	-	98,907	98,907
Cash balance	150,900	150,900		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ 150,900	150,900		
EXPENSES - current:				
Contractual services	\$ 70,000	70,000	-	70,000
Other costs	50,000	50,000	-	50,000
Other uses	30,900	30,900	30,900	-
TOTAL EXPENSES BEFORE DEPRECIATION	150,900	150,900	30,900	120,000
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ 150,900	150,900	30,900	120,000

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, 2008

	WORKERS' COMPENSATION RETENTION			
	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 assessments	15,326,400	15,326,400	14,934,012	(392,388)
Interest	-	-	6,442	6,442
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
	-----	-----	-----	-----
Total revenue	15,326,400	15,326,400	<u>14,940,454</u>	<u>(385,946)</u>
Cash balance	-----	<u>2,711,000</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>15,326,400</u>	<u>18,037,400</u>		
EXPENSES - current:				
Contractual services	\$ 3,169,100	4,269,100	2,722,605	1,546,495
Other costs	12,157,300	13,768,300	16,527,976	(2,759,676)
Other uses	-----	-----	-----	-----
TOTAL EXPENSES BEFORE DEPRECIATION	15,326,400	18,037,400	19,250,581	(1,213,181)
DEPRECIATION NOT BUDGETED	-----	-----	-----	-----
TOTAL EXPENSES	\$ <u>15,326,400</u>	<u>18,037,400</u>	<u>19,250,581</u>	<u>(1,213,181)</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, 2008

	EMPLOYEE ASSISTANCE PROGRAM			
	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	-	-	-	-
Insurance assessments	250,000	250,000	556,055	306,055
Other revenues	-	-	-	-
Other financing sources	-	-	9	9
	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Total revenue	250,000	250,000	<u>556,064</u>	<u>306,064</u>
Cash balance	<u>400,000</u>	<u>430,000</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>650,000</u>	<u>680,000</u>		
EXPENSES - current:				
Personal services and employee benefits	\$ -	-	-	-
Contractual services	650,000	600,000	990,006	(390,006)
Other costs	-	80,000	-	80,000
Other uses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES BEFORE DEPRECIATION	650,000	680,000	990,006	(310,006)
DEPRECIATION NOT BUDGETED	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	\$ <u>650,000</u>	<u>680,000</u>	<u>990,006</u>	<u>(310,006)</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, 2008

	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	16,325,800	16,325,800	8,424,133	(7,901,667)
Interest	-	-	201,365	201,365
Other revenues	-	-	202,530	202,530
Other financing sources	-	-	-	-
	16,325,800	16,325,800	8,828,028	(7,497,772)
Total revenue				
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ 16,325,800	16,325,800		
EXPENSES - current:				
Personal services and employee benefits	\$ -	-	-	-
Contractual services	11,169,000	11,169,000	7,307,820	3,861,180
Other costs	5,000,000	5,000,000	-	5,000,000
Other uses	156,800	156,800	156,800	-
	16,325,800	16,325,800	7,464,620	8,861,180
TOTAL EXPENSES BEFORE DEPRECIATION				
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ 16,325,800	16,325,800	7,464,620	8,861,180

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, 2008

	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	347,738,900	347,738,900	308,983,346	(38,755,554)
Interest	-	-	1,581,423	1,581,423
Other revenues	-	-	34,753	34,753
Other financing sources	-	-	-	-
Total revenue	347,738,900	347,738,900	<u>310,599,522</u>	<u>(37,139,378)</u>
Cash balance	-	-		
TOTAL REVENUES, OTHER FINANCING SOURCES AND BEGINNING CASH BALANCE BUDGETED	\$ <u>347,738,900</u>	<u>347,738,900</u>		
EXPENSES - current:				
Contractual services	\$ 19,600,000	19,600,000	20,626,851	(1,026,851)
Other costs	327,257,000	327,257,000	289,492,114	37,764,886
Other uses	<u>881,900</u>	<u>881,900</u>	<u>881,900</u>	-
TOTAL EXPENSES BEFORE DEPRECIATION	347,738,900	347,738,900	311,000,865	36,738,035
DEPRECIATION NOT BUDGETED	-	-	-	-
TOTAL EXPENSES	\$ <u>347,738,900</u>	<u>347,738,900</u>	<u>311,000,865</u>	<u>36,738,035</u>

MAJOR AND NON-MAJOR FUNDS

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, 2008

	75100	56100	
	Agency Fund Bond Securities	Agency Fund Insurance Carrier Premiums	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS:			
Cash	\$ 15,150	186,737	201,887
Due from other funds	<u> -</u>	<u>81,930</u>	<u>81,930</u>
TOTAL ASSETS	<u>\$ 15,150</u>	<u>268,667</u>	<u>283,817</u>
LIABILITIES:			
Accounts payable	\$ -	-	-
Deposits held for others	<u>15,150</u>	<u>268,667</u>	<u>283,817</u>
TOTAL LIABILITIES	<u>\$ 15,150</u>	<u>268,667</u>	<u>283,817</u>

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Schedule of Changes in Assets and Liabilities - Agency Funds

YEAR ENDED JUNE 30, 2008

		Balance as of <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance as of <u>June 30, 2008</u>
ASSETS:					
Cash	\$	854,938	8,163,663	8,816,714	201,887
Due from other funds		<u>81,930</u>	<u>-</u>	<u>-</u>	<u>81,930</u>
TOTAL ASSETS	\$	<u>936,868</u>	<u>8,163,663</u>	<u>8,816,714</u>	<u>283,817</u>
LIABILITIES:					
Accounts payable	\$	6	-	6	-
Deposits held in custody for others		<u>936,862</u>	<u>9,648,357</u>	<u>10,301,402</u>	<u>283,817</u>
TOTAL LIABILITIES	\$	<u>936,868</u>	<u>9,648,357</u>	<u>10,301,408</u>	<u>283,817</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, 2008. 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, 2008, and have issued our report thereon dated April 15, 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, 06-06, 06-09, 06-10, 06-14, 06-16, 06-17, 06-22 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 Departments 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.

Meyers + Company, LLC

April 15, 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.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

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 (Significant Deficiency)

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, 2008, enterprise funds established to manage the risk of loss exposure for public liability and workers' compensation had deficit fund balances of \$54,711,761 and \$32,640,898, 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.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-06 TIMELY COMPLETION OF ACCOUNTING FUNCTION – LATE AUDIT REPORT (Significant Deficiency)

Condition: The Department did not timely reconcile accounts and close the books; therefore, the fiscal year 2008 audit report was not completed by the final extended deadline of December 15, 2008. The audit report was submitted to the State Auditor's Office on April 15, 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, 2008.

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, 2008, 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 (Significant Deficiency)

Condition: In FY08, the Department overspent budget by category in the following funds: Administrative Costs, Laws of 2006, Employee Assistance, Tobacco Tax: DOH Facilities, Purchasing Division Fees, Laws of 2005, State Aircraft Pool, Communications Division, Human Resources System, 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.

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.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-01 INCOMPLETE PERSONNEL FILES (Significant Deficiency)

Condition: During our review of the personnel files, it was noted that, out of a sample of forty personnel files, one file did not contain a W-4 form and seventeen files did not contain a completed I-9 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)

Condition: During our testwork over cash receipts, the Department was unable to provide a log or a date stamp on received deposits in nineteen 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

Effect: Potential misclassification of revenue.

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

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

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

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.

06-09 LACK OF CREDIT CARD LIMIT AUTHORIZATION POLICY (Significant Deficiency)

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.

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-09 LACK OF CREDIT CARD LIMIT AUTHORIZATION POLICY (Significant Deficiency) - continued

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 (Significant Deficiency)

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.

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.

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

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

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.

06-16 DUE TO/DUE FROM FUNDS TRACKING (Significant Deficiency)

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.

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-17 LACK OF DOCUMENTATION FOR OPERATING LEASES (Significant Deficiency)

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.

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.

06-22 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.

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.

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

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

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 (Significant Deficiency)

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.

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.

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Schedule of Findings and Responses - continued

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

06-24 UNPAID REVERSIONS TO STATE GENERAL FUND (Significant Deficiency)

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 \$560,500 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 \$560,500 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.

06-25 FUND BALANCE DEFICITS (Significant Deficiency)

Condition: During audit fieldwork, it was noted that the Laws of 1999, 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.

B. FINDINGS - FINANCIAL STATEMENT AUDIT – continued

06-25 FUND BALANCE DEFICITS (Significant Deficiency) - continued

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.

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 (Significant Deficiency) – Repeated
- 04-01 General Ledger Reconciliation (Material Weakness) – Repeated
- 05-05 Significant Deficit in Net Asset Accounts – Repeated and Updated
- 05-06 Timely Completion of Accounting Function – Repeated and Updated
- 05-07 Budget Overages – Repeated and Updated
- 06-01 Incomplete Personnel Files (Reportable Condition) – Repeated and Revised
- 06-04 Missing Supporting Documentation (Material Weakness) – Repeated and Revised
- 06-06 Lack of Leave Approval Policy – Repeated
- 06-09 Lack of Credit Card Limit Authorization Policy – Repeated
- 06-10 Lack of Overtime Reporting – Repeated
- 06-14 Lack of Year-end Inventory Count (Material Weakness) – Repeated and Revised
- 06-15 Improper Disposal of Capital Assets (Reportable Condition) – Resolved
- 06-16 Due To/Due From Funds Tracking – Repeated
- 06-17 Lack of Documentation for Operating Leases – Repeated
- 06-20 Missing Files for Claims (Reportable Condition) – Resolved
- 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 and Revised
- 06-25 Fund Balance Deficits – Repeated and Revised
- 07-01 Journal Entry Approval (Significant Deficiency) – Repeated

STATE OF NEW MEXICO
GENERAL SERVICES DEPARTMENT

Exit Conference

An exit conference was held with the Department on April 16, 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

Marilyn Hill, Deputy Secretary
Pamelya Herndon, Deputy Secretary
Robert Andermann, ASD Director
George McGeorge, Deputy Director of Finance
Elisa Bally, ASD Finance Manager
Cameron Hull, ASD Finance Manager
Mary Martinez, ASD Financial Coordinator
Sherri Bowers, Accountant

MEYNNERS + 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.