

**STATE OF NEW
MEXICO PUBLIC
REGULATION
COMMISSION**

FINANCIAL STATEMENTS

JUNE 30, 2008

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STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION

INTRODUCTORY SECTION

Official Roster.....1

FINANCIAL SECTION

Independent Auditors' Report.....2

Management's Discussion and Analysis5

Basic Financial Statements

Government-wide Financial Statements
Statement of Net Assets11
Statement of Activities.....12

Fund Financial Statements

Governmental Fund Financial Statements

Balance Sheet.....13

Reconciliation of the Balance Sheet to the
Statement of Net Assets - Governmental
Funds14

Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds15

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION

Basic Financial Statements (Continued)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Governmental Funds	16
Statement of Revenues and Expenditures - Budget and Actual General Fund	17
Statement of Revenues and Expenditures - Budget and Actual Patients' Compensation Fund	18
Statement of Revenues and Expenditures - Budget and Actual Insurance Operations Fund	19
Fiduciary Fund Financial Statements	
Statement of Fiduciary Assets and Liabilities	20
Notes to Financial Statements	21

Individual Fund Statements and Schedules

General Fund

Statement of Revenues and Expenditures - Budget and Actual General Fund - Policy and Regulation	45
Statement of Revenues and Expenditures - Budget and Actual General Fund - Public Safety	46
Statement of Revenues and Expenditures - Budget and Actual General Fund - Agency Support	47
Statement of Revenues and Expenditures - Budget and Actual General Fund – Insurance Policy	48

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION

Individual Fund Statements and Schedules (Continued)

General Fund

Statement of Revenues and Expenditures - Budget and Actual General Fund – Special Appropriation Marian Hall.....	49
Statement of Revenues and Expenditures - Budget and Actual General Fund – Laws of 2007	50
Statement of Revenues and Expenditures - Budget and Actual General Fund – Qwest Performance Assurance Plan	51
Statement of Revenues and Expenditures - Budget and Actual General Fund – Evidence Processing Room	52

Nonmajor Funds

Combining Balance Sheet - All Nonmajor Funds	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Nonmajor Funds.....	56
Statement of Revenues and Expenditures - Budget and Actual Insurance Examination Fund	58
Statement of Revenues and Expenditures – Budget and Actual Insurance Licensee Continuing Education Fund	59
Statement of Revenues and Expenditures - Budget and Actual Title Insurance Maintenance Fund	60

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION

Individual Fund Statements and Schedules (Continued)

Nonmajor Funds (Continued)

Statement of Revenues and Expenditures - Budget and Actual Insurance Fraud Fund	61
Statement of Revenues and Expenditures - Budget and Actual Reproduction Fund	62
Statement of Revenues and Expenditures - Budget and Actual Firefighters Use Fee Fund	63
Statement of Revenues and Expenditures - Budget and Actual Fire Protection Grant Fund	64
Statement of Revenues and Expenditures - Budget and Actual Pipeline Safety Fund	65

Agency Funds

Combining Balance Sheet - All Agency Funds	68
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SUPPLEMENTAL INFORMATION

Combining Schedule of Changes in Assets and Liabilities - All Agency Funds	70
Schedule of Special Appropriations	74

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION

OTHER AUDIT INFORMATION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	75
Summary Schedule of Prior Audit Findings	78
Schedule of Findings and Responses	79
Exit Conference	83

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION

*Official Roster
As of June 30, 2008*

COMMISSIONERS

Jason Marks	Chairman
Sandy Jones	Vice-Chairman
Carol K. Sloan	Commissioner
David King	Commissioner
Ben R Lujan	Commissioner

ADMINISTRATIVE OFFICIALS

Daniel Mayfield	Chief of Staff
Juan Rios	Director, Administrative Services
Matthew Lovato	Chief Financial Officer
Johnny Montoya	Director, Consumer Relations
Morris Chavez	Superintendent of Insurance
Carol Rising	Director, Legal
Ronald Martinez	Director, Transportation
Roy Stephenson	Director, Utilities

Independent Auditors' Report

Public Regulation Commissioners
State of New Mexico Public Regulation Commission
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, including the budgetary comparisons, and the aggregate remaining fund information of the State of New Mexico Public Regulation Commission (Commission) as of and for the year ended June 30, 2008, which collectively comprise the Commission's basic financial statements as listed in the accompanying table of contents. We have also audited the financial statements of each of the Commission's nonmajor governmental and fiduciary funds, including the budgetary comparisons of the governmental funds, presented as supplementary information in the accompanying combining and individual fund financial statements 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 Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 Commission are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund and the aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Commission. They

Public Regulation Commissioners
State of New Mexico Public Regulation Commission
and
Mr. Hector H. Balderas
New Mexico State Auditor

do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2008, and the changes in financial position, where applicable for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2008, and the respective changes in financial position and the budgetary comparisons for each major general and special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the Commission, as of June 30, 2008, and the respective changes in the financial position thereof and the respective budgetary comparisons of each of the nonmajor 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 a report dated December 15, 2008, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis reported on pages 5-10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires 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.

Public Regulation Commissioners
State of New Mexico Public Regulation Commission
and
Mr. Hector H. Balderas
New Mexico State Auditor

Our audit was conducted for the purpose of forming opinions that collectively comprise the Commission's basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying financial information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Moss Adams LLP

Albuquerque, New Mexico
December 15, 2008

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Public Regulation Commission's (Commission) discussion and analysis is designed to: (a) assist the reader in focusing on significant issues; (b) provide an overview of the Commission's financial activity; (c) identify changes in the Commission's financial position; (d) identify any material deviations from the financial plan (the approved budget); and (e) identify fund issues or concerns.

Since the Management's discussion and analysis (MD&A) is designed to focus on the current year activities, resulting changes and current facts, it should be read in conjunction with the Commission's financial statements.

HIGHLIGHTS

Financial Highlights

The Commission's net assets increased to \$19,358,994 compared to the previous year amount of \$10,019,599 for a total net gain of \$9,339,395. The reasons for the change are primarily the increase in total cash and cash equivalents from the previous year of \$11,377,802 from \$22,817,833 to \$34,195,635, due primarily to increased fee collections. The increase in cash and cash equivalents was in all funds general fund increased \$2,504,555, patient compensation fund increased \$3,348,253, insurance operations fund increased \$1,884,877, and non-major governmental funds increased \$3,640,117.

The total cost of all department programs was \$27,401,747.

Commission Highlights

The Commission continues to strive to find a balance between industry and consumers to ensure that there are fair and reasonable rates, to ensure safe and reliable services and that regulated entities receive a fair return on their investments. The commission has continued to increase productivity and reduce costs by instituting better business practices such as the implementation of the procurement card and using information technology resources to be more financially accountable.

The commission finalized the transfer of service obligation on the Navajo Nation from Qwest to Sacred Wind Communications, successfully implemented the 505/575 area code split with minimal cuts in service.

HIGHLIGHTS (CONTINUED)

Commission Highlights (Continued)

The commission completed rate cases for PNM electric base rates and emergency fuel clause, SPS electric base rates and fuel clause, and the Picacho Hills water and waste water.

Completed revisions and integration of procedural rules for utility and transportation cases, set technical standards for electric utility interconnection.

The Insurance Division Managed Healthcare Bureau saved consumers \$179,217.84.

Fraud investigations have opened 566 cases and have prosecuted 6 cases with numerous other cases resulting in restitution.

Transportation has implemented the Unified Carrier program which the PRC is required to regulate collecting fees in excess of 1 million dollars in the first half of FY2008.

State Fire Marshal's Fire Code Enforcement bureau has ensured completion of inspections of every public and private school in the state and implemented a program of mandatory inspections every two years.

Implemented a new consumer friendly toll free number to ensure customers have a number to call for any inquiries about the Public Regulation Commission.

USING THIS ANNUAL REPORT

Management's Discussion and Analysis

This section includes information on the use of the annual report, and management's analysis of the financial position and results of operations of the Commission. Comparative information to the previous year is provided.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental activities are consolidated into one column. The Commission has no business type activities.

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to a bottom line for the Commission and its governmental activities. The statement combines and consolidates governmental funds' current financial resources (short-term available resources) with capital assets and long term liabilities.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

USING THIS ANNUAL REPORT (CONTIUED)

Government-Wide Financial Statements (Continued)

The Statement of Activities is focused on activities that are provided by the Commission's general and other revenues. This is intended to summarize and simplify the users' analysis of the cost of services.

The Governmental Activities section reflects the Commission's basic service, including Policy and Regulations and Public Safety.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on major funds, rather than fund types.

The governmental Major Fund presentation is presented on a sources and uses of liquid resource basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Financial Statement allows the demonstration of sources and uses and budgeting compliance associated therein.

The Fund Financial Statements also allow the government to address its Agency Funds. While these Funds represent trust responsibilities of government, these assets are restricted in purpose and do not represent discretionary assets of the government. These assets, therefore, are not presented as part of the Government-Wide Financial Statements.

Combining and Individual Fund Financial Statements

Consistent with the Commission's financial reports in prior years, combining and individual fund financial statements are also included in the report. These statements are presented on the same basis as fund financial statements, but are not grouped by fund type.

Budgetary Comparisons

In addition to 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. The budgetary comparison schedules present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

USING THIS ANNUAL REPORT (CONTIUED)

Budgetary Comparisons (Continued)

As required by the Office of the State Auditor under 2 NMAC 2.2, the Statements of Revenues and Expenditures-Budget and Actual are also presented for the general and major special revenue funds that are part of the basic financial statements. The budget comparison information for all other funds is included as supplemental information. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	June 30, 2008	June 30, 2007
Statement of Net Assets		
<i>Government Activities</i>		
Current and other assets	\$ 67,944,011	56,823,835
Capital assets	<u>2,932,540</u>	<u>3,298,735</u>
Total assets	<u>70,876,551</u>	<u>60,122,570</u>
Current liabilities	7,926,702	4,463,683
Non-current liabilities	<u>43,390,855</u>	<u>45,639,288</u>
Total liabilities	<u>51,317,557</u>	<u>50,102,971</u>
Net assets		
Invested in capital assets	2,932,540	3,298,735
Restricted for special projects	17,539,685	7,534,329
Unrestricted	<u>(1,113,231)</u>	<u>(813,465)</u>
Total net assets	<u>\$ 19,358,994</u>	<u>10,019,599</u>
Statement of Activities		
<i>Government Activities</i>		
Operating grants and contributions	\$ 579,646	473,069
Investment income (loss)	(81,941)	4,394,225
Charges for services	20,183,161	18,462,844
General fund appropriations	11,613,700	10,601,100
Other financing sources	<u>17,470,927</u>	<u>11,925,200</u>
Total revenue	<u>49,765,493</u>	<u>45,856,438</u>
Program expenses	27,401,747	24,930,949
Other financing uses	<u>13,024,351</u>	<u>10,120,540</u>
Total expense	<u>40,426,098</u>	<u>35,051,489</u>

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Net Assets (Continued)	June 30, 2008	June 30, 2007
Change in net assets	\$ 9,339,395	10,804,949
Net assets, beginning of year	<u>10,019,599</u>	<u>(785,350)</u>
Net assets, end of year	<u>\$ 19,358,994</u>	<u>10,019,599</u>

For more detailed information see the Statement of Activities and the Statement of Net Assets.

There have not been significant changes to assets, liabilities, and net assets compared to the prior year, except for a decrease of \$1,292,271 in patient compensation fund claim liabilities from \$3,640,480 to \$2,348,209, and a continued reduction of capital assets caused by the State's new capitalization threshold, which increased to \$5,000 from \$1,000.

THE COMMISSION'S FUNDS

Governmental Funds

As of year end, the governmental funds, as presented on the balance sheet, reported a combined fund balance of \$60,017,309, for a net increase over the prior fiscal period of \$7,657,157. This consisted of an increase of \$2,405,475 in the Patient's Compensation fund due to a increase of payments to the fund and a decrease in settlements payments from the fund; an increase in the insurance operations fund of \$113,949 due to a increase in revenue collection; a increase of \$1,014,734 cash due to the general operating fund; and an increase of \$4,122,999 in non-major governmental funds due to an increase in other fees collected from \$877,207 to \$1,836,610.

Budgetary Highlights

In the General Fund the budgeted expenditures increased by \$1,521,000 to cover primarily increased compensation costs in personal services. The significant budget to actual differences in the General Fund was net of the interagency transfers from Special Revenue Funds. Overall expenditures decreased in contractual services and other costs due to better management controls and overall operation costs reductions. There were no significant budget changes between the original and final budget.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

CAPITAL ASSETS AND LONG-TERM DEBT

The decrease in capital assets of \$366,195 is due to a continuously lower amount of capital purchases over the prior period. This decrease was the specific result of depreciation expense of \$588,224 less capital acquisitions of \$222,029. The Commission did not replace any equipment in FY2008 and continued to remove fully depreciated items from inventory those items that were obsolete and transferred outside of the agency. See footnotes five (5) and six (6) for additional details. The Commission has no long-term debt.

CURRENTLY KNOWN FACTS

The State of New Mexico implemented a new financial and human capital system beginning in fiscal year 2007. The new system was designed to increase operating and processing efficiencies while increasing control and oversight. The Public Regulation Commission continues to make strides with the new financial and human capital system to ensure effective communication and financial reporting accountability.

The fire protection grant fund was established by the laws of 2007, chapter 152, section 1 allowing balances in the fire protection fund to be transferred to the grant fund for distribution. Annual amounts transferred to the grant fund increase by six and seven-tenths percent starting on June 30, 2007 for a fifteen year period until it reaches one hundred percent. The one hundred percent distribution will continue each subsequent year. During Fiscal Year 2008 \$34,888,830 was transferred from the fire protection fund into the fire protection grant fund and distributed to 392 fire departments.

HB 622 amended Section 8-8-1 NMSA 1978 to create the Fire Marshal Division. Prior to the amendment the State Fire Marshal was organized as part of the Insurance Program. The Fire Fighter Training Academy is a bureau under the State Fire Marshal's office.

HB 377 amend Section 59A-53-7 NMSA 1978 and established a Firefighters-Survivors Fund the agency will be responsible for monitoring the distributions of this new fund from which the proceeds will provide a death benefit payment to a beneficiary of a firefighter who falls in the line of duty. The Firefighters-Survivors fund is funded by the fire protection fund

FINANCIAL CONTACT

This financial report is designed to provide citizens, taxpayers, customers, legislators, and investors and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional information, contact the Administrative Services Division Director in room 536 of the PERA Building, 1120 Paseo de Peralta, P.O. Box 1269, Santa Fe, New Mexico, 87502-1269 or visit the Commission website at www.nmprc

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities
ASSETS	
Investment in State General Fund Investment Pool	\$ 34,195,635
Investments	31,425,076
Accounts receivable	113,484
Due from external parties	1,406,828
Due from other agencies	600,389
Due from federal government	202,599
Capital assets, net	2,932,540
Total assets	<u>70,876,551</u>
 LIABILITIES	
Accounts payable	879,648
Accrued payroll	554,759
Due to State General Fund	6,155,723
Due to external parties	373,322
Due to other state agencies	163,250
Non-current liabilities	
Due in one year	12,514,778
Due in more than one year	30,876,077
Total liabilities	<u>51,517,557</u>
 NET ASSETS	
Invested in capital assets	2,932,540
Restricted for special projects	17,339,685
Unrestricted (deficit)	(913,231)
Total net assets	<u>\$ 19,358,994</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF ACTIVITIES
Year Ended 30, 2008

	Policy & Regulation	Public Safety	Agency Support	Total Governmental Activities
Program Expenses	\$ 18,894,644	5,097,700	3,409,403	27,401,747
Program Revenues				
Operating grants and contributions	-	579,646	-	579,646
Charges for services	20,166,870	16,291	-	20,183,161
Net program (expense) revenue	\$ 1,272,226	(4,501,763)	(3,409,403)	(6,638,940)
General revenues				
General fund appropriations				\$ 11,613,700
State General Fund reversions				(4,112,523)
Investment income (loss)				(81,941)
Transfers in				17,470,927
Transfers out				(8,911,828)
				<u>15,978,335</u>
Change in net assets				9,339,395
Net assets, beginning of year				<u>10,019,599</u>
Net assets, end of year				<u>\$ 19,358,994</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	Patients' Compensation Fund	Insurance Operations Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Current Assets					
Investment in State General Fund Investment Pool	\$ 4,784,416	18,324,147	5,440,184	5,646,888	34,195,635
Investments	85,338	31,339,738	-	-	31,425,076
Receivables	-	113,484	-	-	113,484
Due from other funds	-	-	145,079	897,581	1,042,660
Due from external parties	-	-	1,406,828	-	1,406,828
Due from other agencies	600,389	-	-	-	600,389
Due from federal government	202,599	-	-	-	202,599
Total assets	\$ 5,672,742	49,777,369	6,992,091	6,544,469	68,986,671
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ 663,435	216,213	-	-	879,648
Accrued payroll	554,759	-	-	-	554,759
Due to other funds	1,042,660	-	-	-	1,042,660
Due to external parties	373,322	-	-	-	373,322
Due to other state agencies	163,250	-	-	-	163,250
Due to State General Fund	1,514,582	-	4,641,141	-	6,155,723
Total liabilities	4,312,008	216,213	4,641,141	-	9,169,362
FUND BALANCES					
Unreserved: Designated for future year expenditures					
General Fund	1,360,734	-	-	-	1,360,734
Special Revenue Funds	-	49,561,156	2,350,950	6,544,469	58,456,575
Total fund balances	1,360,734	49,561,156	2,350,950	6,544,469	59,817,309
Total liabilities and fund balances	\$ 5,672,742	49,777,369	6,992,091	6,544,469	68,986,671

See Notes to Financial Statements.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS -
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

Fund balances - total governmental funds \$ 59,817,309

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

Governmental capital assets	\$ 8,953,023	
Less accumulated depreciation	(6,020,483)	
	<u>2,932,540</u>	2,932,540

Long-term liabilities are not due and payable in the
current period and therefore are not reported in the
governmental funds:

Patients' Compensation Fund claims liability	(42,477,624)
Compensated absences	<u>(913,231)</u>

Net assets governmental activities \$ 19,358,994

See Notes to Financial Statements.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
June 30, 2008

	General Fund	Patients' Compensation Fund	Insurance Operations Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Insurance tax	\$ -	-	-	1,298,191	1,298,191
Other fees	16,291	9,424,124	7,607,945	1,836,610	18,884,970
Gain (loss) on investments	-	(2,117,874)	-	-	(2,117,874)
Grant funds	579,646	-	-	-	579,646
Interest income	-	2,035,933	-	-	2,035,933
Total revenues	595,937	9,342,183	7,607,945	3,134,801	20,680,866
EXPENDITURES					
Current					
Personnel services	13,402,764	-	-	-	13,402,764
Employee benefits	4,845,616	-	-	-	4,845,616
In-state travel	189,932	-	-	-	189,932
Maintenance and repairs	303,075	-	-	-	303,075
Supplies	751,716	-	-	-	751,716
Contractual services	1,124,531	224,188	-	-	1,348,719
Operating costs	1,300,039	6,450,319	-	-	7,750,358
Out-of-state travel	114,341	-	-	-	114,341
Capital outlay	577,461	-	-	-	577,461
Total expenditures	22,609,475	6,674,507	-	-	29,283,982
Excess (deficiency) of Revenues over expenditures	(22,013,538)	2,667,676	7,607,945	3,134,801	(8,603,116)
OTHER FINANCING SOURCES AND (USES)					
General fund appropriations	11,613,700	-	-	-	11,613,700
Reversions to the State General Fund	(1,320,428)	-	(2,792,095)	-	(4,112,523)
Bond proceeds	-	-	-	-	-
Operating transfers in	12,535,000	-	-	4,935,927	17,470,927
Operating transfers out	-	(262,200)	(4,701,900)	(3,947,728)	(8,911,828)
Total other financing sources and (uses)	22,828,272	(262,200)	(7,493,995)	988,199	16,060,276
Net change in fund balances	814,734	2,405,476	113,950	4,123,000	7,457,160
Fund balances, beginning	546,000	47,155,680	2,237,000	2,421,469	52,360,149
Fund balances, ending	\$ 1,360,734	49,561,156	2,350,950	6,544,469	59,817,309

See Notes to Financial Statements.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

Net change in fund balances - total governmental funds	<u>\$ 7,457,160</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay	222,029
Depreciation expense	<u>(588,224)</u>
Change in capital assets	(366,195)
Change in Patients' Compensation Fund claim liabilities	2,348,209
Change in compensated absences	(99,766)
Other	<u>(13)</u>
Change in net assets of governmental activities	<u><u>\$ 9,339,395</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL GENERAL FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 10,783,700	10,783,700	11,613,700	830,000
Reversions	-	-	(1,320,428)	(1,320,428)
Other financing sources	12,158,800	12,535,000	12,535,000	-
Federal funds	806,500	906,500	579,646	(326,854)
Other fees	-	-	16,291	16,291
Bond proceeds	200,000	200,000	-	(200,000)
Total budgeted revenues	23,949,000	24,425,200	23,424,209	(1,000,991)
Expenditures				
Personnel services	18,943,300	18,783,300	18,248,380	534,920
Contractual services	1,087,900	1,144,100	1,124,531	19,569
Operating costs	3,917,800	4,497,800	3,236,561	1,261,239
Other financing uses	-	-	-	-
Total budgeted expenditures	23,949,000	24,425,200	22,609,472	1,815,728
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	-	-	<u>814,737</u>	<u>814,737</u>
Cash balance carryforward	-	-	-	-
Total	\$ -	-	-	-

See Notes to Financial Statements.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
PATIENTS' COMPENSATION FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Doctor's surcharge	\$ -	-	9,424,124	9,424,124
Interest	-	-	(81,941)	(81,941)
Other fees	-	-		-
Total revenues	-	-	9,342,183	9,342,183
Expenditures				
Contractual services	435,000	435,000	224,188	210,812
Operating costs	10,050,000	10,050,000	6,450,319	3,599,681
Other financing uses	262,200	262,200	262,200	-
Total expenditures	10,747,200	10,747,200	6,936,707	3,810,493
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	(10,747,200)	(10,747,200)	<u>2,405,476</u>	<u>13,152,676</u>
Cash balance carryforward	<u>10,747,200</u>	<u>10,747,200</u>		
Total	\$ -	-		

See Notes to Financial Statements.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INSURANCE OPERATIONS FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Reversions	\$ -	-	(2,792,095)	(2,792,095)
Other fees	-	-	7,607,945	7,607,945
Other financing sources	-	-	-	-
	<hr/>			
Total revenues	-	-	4,815,850	4,815,850
	<hr/>			
Expenditures				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other financing uses	4,441,900	4,701,900	4,701,900	-
	<hr/>			
Total expenditures	4,441,900	4,701,900	4,701,900	-
	<hr/>			
Excess (deficiency) of revenues over expenditures	(4,441,900)	(4,701,900)	<u>113,950</u>	<u>4,815,850</u>
Cash balance carryforward	<u>4,441,900</u>	<u>4,701,900</u>		
	<hr/>			
Total	<u>\$ -</u>	<u>-</u>		

See Notes to Financial Statements.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2008

Agency Funds

ASSETS

Investment in General Fund Investment Pool	\$	56,110,381
Cash in banks - ancillary receivership		4,243,968
Security deposits		385,178,723
Due from external parties		1,562,890
Total assets	\$	447,095,962

LIABILITIES

Due to State General Fund	\$	25,157,538
Due to external parties		2,979,468
Due to other state agencies		5,060,594
Undistributed receipts		5,290,200
Accounts payable		19,185,471
Deposits held in trust		389,422,691
Total liabilities	\$	447,095,962

See Notes to Financial Statements.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. HISTORY AND FUNCTION

The State of New Mexico Public Regulation Commission (Commission), created by Article XI of the State Constitution, is a five member commission whose members are elected from districts provided by law for staggered four-year terms.

The Commission has the responsibility for chartering and regulating business corporations in such a manner as the Legislature provides. The Commission has responsibility for regulating public utilities, including electric, natural gas and water companies; transportation companies, including common and contract carriers; transmission and pipeline companies, including telephone, telegraph and information transmission companies; insurance companies and others engaged in risk assumption; and other public service companies in such a manner as the Legislature provides.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the State of New Mexico Public Regulation Commission (Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body of establishing governmental accounting and financial reporting principles. The most significant of the Commission's accounting policies are described below:

A. Reporting Entity

GASBS 14 defines the financial reporting entity as consisting of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significant 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".

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

A. Reporting Entity (Continued)

A primary government is any state government or general purpose local government, consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The Commission, therefore, is part of the primary government of the State of New Mexico, and its financial data should be included with the financial data of the State.

Included within the Commission for this purpose are the following: All of the programs that are administered and/or controlled by the Commission have been included. The commission has no component units.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the Commission as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. The Commission only has governmental activities. In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reflected on the full accrual, economic resource basis, which incorporates long term assets and receivable as well as long-term debt and obligations and excludes internal activity.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation expense on capital assets) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function.

The Commission has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Commission has elected to not apply FASB pronouncements issued after the applicable date.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Basic Financial Statements (Continued)

The net cost by function is normally covered by general revenue. Historically, the previous model did not summarize or present net cost by function or activity. The Commission does not employ indirect cost allocation in the financial statements.

As to fund financial statements, emphasis is on the major funds of the governmental category. Nonmajor funds are summarized into a single column. The Commission's major funds are the General Fund, Patients' Compensation Fund, and Insurance Operations Fund.

The governmental funds in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed more appropriate to demonstrate legal and covenant compliance, to demonstrate the source and use of liquid resources and to demonstrate how the Commission's actual experience conforms with the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

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

The financial transactions of the Commission are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Basic Financial Statements (Continued)

and other financing sources or uses. Government resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following fund types are used by the Commission:

Governmental Funds

General Fund. The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

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 specified purposes.

Patients' Compensation Fund. A major special revenue fund to account for funds accumulated for payment of claims for bodily injury or death due to malpractice by a health care provider insured under the Medical Malpractice Act. This fund was created by Section 41-5-1 through 42-5-28, NMSA 1978 "Medical Malpractice Act". The purpose of the act is to promote the health and welfare of the people of New Mexico by making available professional liability insurance for health care providers in New Mexico. (SHARE Fund #23500).

Insurance Operations Fund. A major special revenue fund to account for the collection of fees, licenses, penalties, and taxes. This fund was created by Section 59A-6-5, NMSA 1978. The legislature shall annually appropriate from the fund to the division those amounts necessary for the division to carry out its responsibilities pursuant to the Insurance Code and other laws. Any balance in the fund at the end of a fiscal year greater than one-half of that fiscal year's appropriation shall revert to the general fund. (SHARE Fund # 03900).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Basic Financial Statements (Continued)

Fiduciary Funds Types

Agency Funds. Agency Funds are used to account for assets held by the Commission as an agent for individuals, private organizations, other governments, and/or other funds. The Commission only has agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Accounting

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

The Government-wide Financial Statements and the Fiduciary Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis. Under the accrual method of accounting revenues are recognized when earned and expenditures are recognized when incurred.

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the current fiscal period; available meaning collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other state and local agencies are recorded as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.

Program revenues consist of grant and contribution revenues consist of federal grants. Charges for services consist primarily of fees charged to regulated entities.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

C. Basis of Accounting (Continued)

Expenditures are recorded as liabilities when incurred. An exception to this general rule is that accumulated unpaid annual, compensatory and certain sick leave are accrued as current liabilities and non-current liabilities. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources.

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement No. 33, 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.

D. Budgetary Accounting

The State Legislature makes annual appropriations to the Commission, which lapse at fiscal year end. Legal compliance is monitored through the establishment of a budget (modified accrual-basis) and a financial control system, which permits a budget to actual expenditure comparison. Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriations Act. The budget amounts shown in the financial statements are the final authorized amounts as legally revised during the year.

The budget is adopted on a modified accrual basis of accounting (General Appropriations Act, Laws of 2006, Chapter 109, Section 3 Subsections O and N) except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) that must be paid out of next year’s budget. A reconciliation of budgetary basis to GAAP basis will be necessary if any accounts payable at the end of the fiscal year are not paid by the statutory deadline. The Commission has not included such reconciliation for fiscal year 2008 as all payables were paid by the statutory deadline.

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

No later than September 1st of each year, the Commission submits to the State Budget Division (SBD) of the New Mexico Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. Budgetary Accounting (Continued)

the following July 1st. Copies are also sent to the Legislative Finance Committee (LFC). The report submitted by the Office also details revenues and expenditures or expenses for the preceding year. The budget for the General Administrative Fund 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 (Section 6-10-4 NMSA 1978) that must be paid out of the next year's budget. A reconciliation of budgetary basis to GAAP basis will be necessary if any accounts payable at the end of the fiscal year are not paid by the statutory deadline.

The appropriation request includes proposed expenditures and the means of financing them. It is reviewed by the SBD and additional information is obtained, if needed. Agency budgets are consolidated, with revisions, and submitted as a tentative budget to the Governor of the State. The Governor's approved appropriation request is then submitted to the Legislature as the recommended appropriation request for the Commission.

Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of these hearings is incorporated in the General Appropriations Act.

The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.

The Commission submits, no later than May 1st, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The SBD reviews and approves the operating budget, which becomes effective on July 1st. All subsequent budget adjustments must be approved by the Director of the SBD and the Legislative Finance Committee. The budget for the current year was adjusted in a legal manner.

Legal budget control for expenditures is by category of appropriation unit. All of the Commission's governmental funds were budgeted except the Insurance Operations Fund. Agency funds are not budgeted.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

E. Budgetary Accounting (Continued)

Appropriations of the Commission's General Fund lapse at the end of the fiscal year.

The Commission's General Fund, Pipeline Fees Fund, Franchise Tax Fund, Corporation Fees Fund, Fire Protection Fund, Special Corporations Fee Fund, Insurance Examination Fund, Insurance Operations Fund, and Insurance Suspense Fund wholly or partially revert to the State General Fund; the other governmental and fiduciary funds are non-reverting funds.

E. Cash and Cash Equivalents

Cash and Cash Equivalents. Interest in the pooled cash on deposit with the State Treasurer's Office (STO) and Ancillary Receivership Accounts on deposit with area banks, which are held in trust for the payment of claims for those insurance companies, which are in receivership are considered cash and cash equivalents.

F. Investments

Security Deposits Held in Trust. Investments recorded in the Trust Funds with Superintendent of Insurance are security deposits of insurance companies, which are required by statute. The securities are recorded at fair market value.

Investments in the Patients' Compensation Fund are held with the State Investment Council. The Investment Council operates in accordance with appropriate State laws and regulations. The reported value of the pooled shares is the same as the fair value of the pooled shares.

G. Receivables

Interest on investments is recorded as revenue in the year the interest is earned. No allowance for doubtful accounts has been recorded as management estimates that all amounts are collectible.

H. Interfund Receivables and Payables

Short-term amounts owed between funds are classified as "Due to/from other funds."

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

I. Capital Assets

Property, plant and equipment purchased or acquired at a value of \$5,000 or greater are capitalized. Prior to July 1, 2005, the capitalization limit was \$1,000. Assets are carried at historical cost or estimated historical cost, software is capitalized with the related equipment. Contributed assets are recorded at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives with no salvage value.

	Years
Building improvements	50
Machinery and equipment	5-20
Land improvements	15-20
Buildings	25-45

J. Restrictions, Reservations and Designations

Reservations of fund balance in the governmental fund statements are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriated for future expenditures. There were no specific reservations of fund balance accounts at year-end

Net Assets

Unreserved, Designated for Future Year Expenditures. These funds are unreserved, but due to special appropriations or non-reverting funds, they are designated for future year expenditures.

The government-wide financial statements utilize a net asset presentation. Net Assets are categorized as investment in fixed assets (net of related debt), restricted and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The Commission has no related debt.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

J. Restrictions, Reservations and Designations (Continued)

Restricted Assets are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitation on their use. Net assets restricted for special revenue are restricted by the enabling legislation that created the fund.

Unrestricted Assets represent unrestricted liquid assets.

The Commission allocates expenses to restricted or unrestricted resources based on the budgeted source of funds, which generally means restricted resources have been spent first.

K. Compensated Absences

Vested or accumulated vacation leave and vested sick leave are reported in the entity-wide financial statements, since they are not expected to be liquidated with expendable available financial resources. No current expenditures are reported in the General Fund financial statements for these amounts.

L. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a liability of the General Fund. The remaining portion of such obligations is reported in the entity-wide financial statements.

M. 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. Accordingly, actual results could differ from those estimates.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. CASH AND INVESTMENTS

Included in cash and cash equivalent is \$90,306,016 of funds that are held in the State Treasurer's investment pool. Collateral requirements for cash and cash equivalents held by the State Treasurer's Office are provided in their separately issued audit report. A copy of this audit report may be obtained by contacting the State Treasurer's Office at 2019 Galisteo Street, building K, Santa Fe, New Mexico, 87504-0608.

Custodial Credit Risk – Deposits. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2008, the Commission's cash and cash equivalent deposits were not exposed to custodial credit risk.

The following is a summary of the Commission's interest in the State Treasurer Investment Pool:

	Book Balance	Treasurer Balance
General Fund		
Operating Account	\$ 4,784,416	4,784,416
Special Revenue Funds		
Insurance Examination	20,000	20,000
Insurance Licensee Continuing Education	397,805	397,805
Insurance Fraud Fund	440,674	440,674
Title Insurance Maintenance	830,246	830,246
Reproduction Fund	111,789	111,789
Fire Protection Fund	3,380,797	3,380,797
Insurance Operations	5,440,184	5,440,184
Fire Fighters Use Fee	570,099	570,099
Patients' Compensation Fund	18,324,147	18,324,147
Capital Projects		
Pipeline Safety Fund	(104,522)	(104,522)
Agency		
Fire Protection Fund	44,394,529	44,394,529
Motor Transportation	388,151	388,151
Corporation Fees Fund	316,271	316,271
Qwest Performance Assurance Plan	56,970	56,970
Pipeline Fees	5,000	5,000
Franchise Tax Fund	21,375	21,375
Special Corporation Fees Fund	856,543	856,543
Insurance Suspense Fund	10,071,542	10,071,542
Total cash on deposit with New Mexico State Treasurer	<u>\$ 90,306,016</u>	<u>90,306,016</u>

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Reconciling items consist of outstanding warrants and transfers.

Cash in Banks - Ancillary Receivership. The following is a listing of the Commission's Ancillary Receivership cash balances on deposit at local financial institutions. These balances are grouped by depository financial institutions as of June 30, 2008:

Century Bank	\$ 1,000,414
Valley National Bank	388,101
First Community Bank	1,936,273
First National Bank of Santa Fe	214,058
Wells Fargo	4,318
Los Alamos National Bank	375,369
Bank of America	<u>325,435</u>
Total	<u>\$ 4,243,968</u>

There were no reconciling items on these bank accounts.

The Commission has entered into custodial agreements with the above financial institutions and the New Mexico State Treasurer. According to this agreement, the State Treasurer is responsible for approving all changes in the pledged collateral, monitoring the collateral requirements, and ensuring that all collateral meets the requirements of state law. As of June 30, 2008, the State Treasurer reported that the cash accounts were adequately collateralized in accordance with state statutes.

Deposits Held in Trust. Section 59A-10-4, NMSA 1978 requires insurance companies to deposit with the Superintendent of Insurance, certain securities to be held in trust for the benefit of insurance company policy holders and creditors. If an insurance company is placed in receivership, the Superintendent of Insurance has the authority to seize those securities which are held in trust for payment of claims made by policyholders and creditors.

Security deposits recorded in the Trust Funds with the Superintendent of Insurance amounting to \$385,178,722 are from insurance companies which are required by statute. The deposits consist of federal government securities and are recorded at fair market value. While these assets are held in trust, the type of investment income and other investment decisions are controlled by the insurance companies.

Pooled Investments. The Commission has voluntarily entered into an agreement with the State Investment Council pursuant to Section 6-8-7.G, NMSA 1978 to participate in the investment pool. The Pool is not registered with the SEC and is managed by the State Investment Council. The investments are valued at fair market value based on quoted market prices at the valuation date. The reported value of the pooled shares is the same as the fair value of the pooled shares.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

The value of the investments maintained at the State Investment Council External Pooled Investment Funds are as follows at June 30, 2008:

	Original Cost	Reinvestment Income	Realized Gain (Loss)	Unrealized Gain (Loss)	Market Value
Large Cap Active Fund	\$ 3,697,097	(5,420,198)	-	1,723,101	-
Core Bond Fund	14,673,190	5,009,154	-	134,853	19,817,197
Large Cap Index	1,750,000	(2,235,131)	-	485,131	-
Non US Developed	750,000	87,173	-	340,402	1,177,575
Emerging Markets	250,000	50,397	-	444,750	745,147
Mid/Small Cap	1,500,000	(2,266,269)	-	766,269	-
High Yield Bonds	1,500,000	(1,487,033)	-	(12,967)	-
Large Cap ETF	-	5,924,543	-	(612,565)	5,311,978
S&P Index ETF	-	2,384,392	-	(268,853)	2,115,539
SMID ETF	-	2,347,062	-	(174,760)	2,172,302
	<u>\$ 24,120,287</u>	<u>4,394,090</u>		<u>2,825,361</u>	<u>31,339,738</u>

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

Concentration of Credit Risk. The Commission places no limit on the amount the Commission may invest in any one issuer.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 4. DUE FROM AND DUE TO OTHER FUNDS

Due from and due to other funds represent interfund receivables and payables arising from interdepartmental transfers primarily due to statutory requirements for transferring funds collected by one fund and expended by another. These are routine transactions that occur monthly or annually. These amounts have been eliminated on the government-wide statements. They are shown in the financial statements as due from/to external parties.

Due From	Due to		Total
	508000 Insurance Suspense Fund	550000 General Fund	
Special Revenue Funds			
039000 Insurance Operations Fund	\$ 1,406,828	145,079	1,551,907
375000 Insurance Fraud Fund	-	297,054	297,054
477000 Reproduction Fund	-	138,636	138,636
860000 Title Insurance Maintenance Fund	-	64,649	64,649
	<u>1,406,828</u>	<u>645,418</u>	<u>2,052,246</u>
Agency Funds			
190000 Motor Transportation Fund	-	-	-
508000 Insurance Suspens Fund	-	39,186	39,186
578000 Fire Protection Fund	1,567,640	334,136	1,901,776
569000 Fire Protection Grant Fund	-	-	-
	<u>1,567,640</u>	<u>373,322</u>	<u>1,940,962</u>
Capital Projects Fund			
377000 Pipeline Safety Fund	-	397,242	397,242
	<u>\$ 2,974,468</u>	<u>1,415,982</u>	<u>4,390,450</u>

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5. CAPITAL ASSETS

The capital asset activity for the year ended June 30, 2008 is as follows:

	Balance 6/30/07	Additions	Deletions	Balance 6/30/08
Governmental Activities				
Depreciable Assets				
Land improvements	\$ 947,899	-	-	947,899
Buildings	1,857,991	-	-	1,857,991
Machinery and equipment	5,787,232	222,029	(3,328)	6,005,933
Building improvements	141,200	-	-	141,200
Totals at historical cost	<u>8,734,322</u>	<u>222,029</u>	<u>(3,328)</u>	<u>8,953,023</u>
Accumulated depreciation				
Land improvements	\$ (890,893)	(33,794)	-	(924,687)
Buildings	(769,514)	(41,262)	-	(810,776)
Machinery and equipment	(3,717,288)	(510,344)	3,328	(4,224,304)
Building improvements	(57,892)	(2,824)	-	(60,716)
Total accumulated depreciation	<u>(5,435,587)</u>	<u>(588,224)</u>	<u>3,328</u>	<u>(6,020,483)</u>
Capital assets, net	<u>\$ 3,298,735</u>	<u>(366,195)</u>	<u>-</u>	<u>2,932,540</u>

Depreciation expense was related to the Policy and Regulation program in the amount of \$88,235, Public Safety in the amount of \$452,932, and Agency Support in the amount of \$47,057.

NOTE 6. NON-CURRENT LIABILITIES

	Balance 6/30/07	Additions	Deletions	Balance 6/30/08	Payable Within 1 Year
Annual leave	\$ 799,154	898,268	(799,154)	898,268	898,268
Sick leave	14,311	15,645	(14,993)	14,963	14,963
Patients' Compensation Fund claims payable	44,825,833	4,102,110	(6,450,319)	42,477,624	11,601,547
Total non-current liabilities	<u>\$ 45,639,298</u>	<u>5,016,023</u>	<u>(7,264,466)</u>	<u>43,390,855</u>	<u>12,514,778</u>

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 6. NON-CURRENT LIABILITIES (CONTINUED)

The Commission does not prepare a claims reserve analysis to estimate claims payable in the Patients' Compensation Fund. Alternatively, the Commission uses overall claims data to prepare the estimate; there are significant actuarial assumptions used in estimating the liability, including the rate of return on investment and the number and cost of claims, among others. Differences in any of these assumptions and actual results may significantly change the liability. Claim liabilities are paid out of the Patients' Compensation Fund.

The Commission estimates that all compensated absences will be paid within one year. Substantially all of the compensated absences balances have been paid by the General Fund in prior years. The amount of compensated absences is calculated by multiplying the vested hours by the pay rate at year end plus applicable payroll taxes.

The Commission's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits.

Qualified employees accumulate maximum annual leave as follows:

Years of Service	Hours Earned Per Pay Period	Days of Maximum Accrual
Up to 3 years	3.08	30
Over 3 – 7 years	3.69	30
Over 7 – 11 years	4.61	30
Over 11-15 years	5.54	30
Over 15 years	6.15	30

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to the above maximums.

Accrued Sick Leave. Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 up to 120 hours, on July 1 and January 1 of each year. However, the sick leave will be paid at 50% of the employee's regular hourly wage.

At retirement, employees may receive 50% payment for up to 400 hours for the hours over 600 of accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2008, over 600. Expenditures for accumulated sick pay for hours under 600 will be recognized as employees take such absences.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7. DUE TO AND FROM OTHER STATE AGENCIES

The following are short-term amounts owed between other state agencies and are classified as due to other state agencies:

	<u>Agency</u>	
<u>Due from</u>		
General Fund (550)		\$ <u>600,839</u>
<u>Special Revenue</u>		
Patient's Compensation Fund (235)		\$ 113,484
Fire Protection Grant Fund (569)		\$ 4,485
Total General Fund		\$ <u>117,969</u>
 <u>Due to</u>		
General Fund (550)		
Department of Finance and Administration	341	\$ 75,000
Worker's Compensation	853	<u>88,250</u>
Total General Fund		\$ <u>163,250</u>
 <u>Special Revenue</u>		
Insurance Operations Fund (039)		
State General Fund	853	\$ <u>4,641,141</u>
 <u>Fiduciary</u>		
Motor Transportation Fund (190)		
Department of Transportation	805	\$ <u>388,151</u>
 Insurance Suspense Fund (508)		
Law Enforcement	341	\$ 99,854
Carrie Tingley	341	1,840
Finance Authority	385	4,570,749
State General Fund	853	<u>2,463,817</u>
Total Insurance Suspense Fund		\$ <u>7,136,260</u>

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 7. DUE TO AND FROM OTHER STATE AGENCIES (CONTINUED)

Fire Protection Fund (578)		
State General Fund	853	<u>\$21,442,562</u>
Franchise Tax Fund (504)		
State General Fund	853	<u>\$ 21,375</u>
Pipeline Fees Fund (505)		
State General Fund	853	<u>\$ 5,000</u>
Special Corporation Fees Fund (506)		
State General Fund	853	<u>\$ 856,543</u>
Qwest Performance Assurance Plan Fund (305)		
State General Fund	853	<u>\$ 56,970</u>

NOTE 8. REVERSIONS

Unexpended and unencumbered cash balances of certain funds revert to the State General Fund at year end. Also, cash recoveries during the fiscal year from stale dated warrants are due to the State General Fund. Reversions due from State General and Insurance Operations Funds are comprised of the following at June 30, 2008:

	General Fund 430-550	Insurance Ops. 430-039
Budget year 2008 reversion	\$ 1,320,428	2,792,095
Amounts due for operating transfers	<u>194,154</u>	<u>1,849,046</u>
Total due to State General Fund	<u>\$ 1,514,582</u>	<u>4,641,141</u>

Current year reversions are calculated only for reverting funds (See list at Note 2 - D).

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 9. OTHER FINANCING SOURCES AND USES

Other financing sources and uses consist of the following:

	Transfers	
	In	Out
Commission Operating Fund (#55000)	\$ 12,535,000	-
(1)Patients' Compensation Fund (#23500)	-	262,200
Insurance Operations Fund (#03900)	-	4,701,900
(1)Insurance Fraud Fund (#37500)	174,526	1,307,300
(1)Title Insurance Maintenance Fund (#86000)	14,174	359,000
Fire Protection Grant Fund	4,702,032	1,335,628
(1)Pipeline Safety Fund (#37700)	45,195	821,000
(1)Reproduction Fund (#47700)	-	<u>124,800</u>
Total governmental funds	<u>17,470,927</u>	8,911,828
(2)Insurance Suspense Fund (#50800)	-	428,100
(2)Fire Protection Fund (#57800)	-	7,749,099
(2)Special Appropriation Fund (#34100)	-	381,900
Total	<u>\$17,470,927</u>	<u>17,470,927</u>

These transfers to the General Fund were to reimburse the fund for costs paid out of the General Fund (1) or to transfer amounts from agency funds in accordance with the underlying fee distribution (2).

NOTE 10. RETIREMENT PLAN

The Commission contributes to a defined benefit cost-sharing multiple employer public retirement system through the Public Employees Retirement Act.

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

Fund Policy. Plan members are required to contribute 7.42% of their gross salary. The Commission is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Commission are established under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the state legislature. The Commission's contributions to PERA for the year ended June 30, 2008, 2007, and 2006 were \$2,174,853, \$2,003,298, and \$1,797,557, respectively. These contributions were equal to the amount of the required contributions for each period.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 11. POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (Act) (Chapter 10, Article 7C, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers are institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority and state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

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 Retiree Health Care Act on the person's behalf unless that person retires before the employer's NMRHCA effective date, in which 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; or (2) retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of one and three-tenths percent (1.30%) of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to sixty-five hundredths of one percent (0.65%) of the employee's annual salary. For the year ended June 30, 2008, each participating retiree paid a monthly premium for the medical plus basic life, plus an additional five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 11. POST-EMPLOYMENT BENEFITS (CONTINUED)

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post-employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee and retiree) and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, NM 87107.

For the year ended June 30, 2008, the Commission remitted \$160,031 in employer contributions and \$80,016 in employee contributions to the Retiree Health Care Authority.

NOTE 12. RISK MANAGEMENT

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

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

At June 30, 2008, the Office had no claims for which the Risk Management Division has determined would not be covered and that would become the responsibility of the Office.

NOTE 13. OPERATING LEASE COMMITMENTS

The Commission is committed under various rental leases for space. These leases are considered operating leases, and are written with an escape clause in the event of non-appropriation of adequate funds. Monthly expenditures under such leases amounted to \$272,685 for the year ended June 30, 2008. Future minimum payments under these leases are as follows:

2009	\$ 801,495
2010	153,201
2011	<u>3,157</u>
	<u>\$ 957,853</u>

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 14. JOINT POWERS AGREEMENT

The Office of the State Fire Marshal entered into an agreement with the New Mexico Energy, Minerals and Natural Resources Department (the financially accountable and audit responsible agency) for Waste Isolation Pilot Plant (WIPP) program activities on July 7, 1988. The agreement is to remain in effect perpetually, unless otherwise noted by either party or the Department of Energy.

The Office of the State Fire Marshal ensures local governments implement activities and address emergency response preparedness as it pertains to the transport of hazardous materials under the Waste Isolation Pilot Plant (WIPP) project. The costs of the projects are 100% funded by the Commission with the funds received by the Energy, Minerals, and Natural Resources Department. Each local government is the fiscal agent and has audit responsibility.

Local Government	Commission Contribution	Description
City of Artesia	\$ 7,000	Support regional response haz mat team
City of Albuquerque	7,000	Support regional response haz mat team
City of Carlsbad	7,000	Support regional response haz mat team
City of Gallup	7,000	Support regional response haz mat team
City of Hobbs	7,000	Support regional response haz mat team
City of Raton	7,000	Support regional response haz mat team
City of Roswell	7,000	Support regional response haz mat team
City of Santa Fe	7,000	Support regional response haz mat team
City of Vaughn	5,000	Support regional response haz mat team
Chavez County	11,000	Support first responder training
Cibola County	10,000	Support first responder training
Colfax County	7,000	Support first responder training
Eddy County	5,000	Support first responder training
McKinley County	15,000	Support first responder training
San Miguel County	7,000	Support first responder training
Santa Fe County	15,000	Support first responder training
Torrance County	7,000	Support first responder training
Total amount	<u>\$ 138,000</u>	

NOTE 15. CONTINGENT LIABILITIES

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

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

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 15. CONTINGENT LIABILITIES (CONTINUED)

The Commission is a defendant in various lawsuits regarding regulatory matters and former employees. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Commission's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Commission.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor, if any, cannot be determined at this time, although the Commission expects such amounts to be immaterial.

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
GENERAL FUND
June 30, 2008

General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. (SHARE Fund # 43000-55000)

For budget purposes, the General Fund is divided into the following programs:

- Policy and Regulation
- Public Safety
- Agency Support
- Insurance Policy

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS) - GENERAL FUND-POLICY AND REGULATION
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ 7,852,500	7,852,500	7,852,500	-
Reversions	-	-	(309,936)	(309,936)
Other fees	-	-	12,620	12,620
Other financing sources	393,500	393,500	393,500	-
Other state funds	-	-	-	-
Total revenues	8,246,000	8,246,000	7,948,684	(297,316)
Expenditures				
Current				
Personnel services	7,248,600	6,923,600	6,820,355	103,245
Contractual services	256,100	256,100	126,758	129,342
Operating costs	741,300	1,066,300	1,001,571	64,729
Other financing uses	-	-	-	-
Total expenditures	8,246,000	8,246,000	7,948,684	297,316
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget	-	-	-	-
Cash balance carryforward	-	-	-	-
Total	\$ -	-	-	-

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS)-GENERAL FUND-PUBLIC SAFETY
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ -	-	-	-
Reversions	-	-	(379,331)	(379,331)
Other fees	-	-	982	982
Other financing sources	4,589,300	4,665,500	4,665,500	-
Federal funds	806,500	906,500	579,646	(326,854)
Total revenues	5,395,800	5,572,000	4,866,797	(705,203)
Expenditures				
Current				
Personnel services	3,305,200	3,305,200	3,129,088	176,112
Contractual services	319,600	352,600	288,519	64,081
Operating costs	1,771,000	1,914,200	1,449,190	465,010
Other financing uses	-	-	-	-
Total expenditures	5,395,800	5,572,000	4,866,797	705,203
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget	-	-	-	-
Cash balance used	-	-		
Total	\$ -	-		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS)-GENERAL FUND-AGENCY SUPPORT
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ 2,931,200	2,931,200	2,931,200	-
Reversions	-	-	(124,293)	(124,293)
Other financing sources	628,500	628,500	628,500	-
Other fees	-	-	860	860
Total revenues	3,559,700	3,559,700	3,436,267	(123,433)
Expenditures				
Current				
Personnel services	3,027,300	2,892,300	2,862,597	29,703
Contractual services	119,500	92,700	216,898	(124,198)
Operating costs	412,900	574,700	282,838	291,862
Other financing uses	-	-	-	-
Total expenditures	3,559,700	3,559,700	3,362,333	197,367
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget	-	-	<u>73,934</u>	<u>73,934</u>
Cash balance used	-	-		
Total	\$ -	-		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS) - GENERAL FUND - INSURANCE POLICY
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Reversions	\$ -	-	(491,570)	(491,570)
Other fees	-	-	1,829	1,829
Other financing sources	6,547,500	6,847,500	6,847,500	-
Total revenues	<u>6,547,500</u>	<u>6,847,500</u>	<u>6,357,759</u>	<u>(489,741)</u>
Expenditures				
Current				
Personnel services	5,362,200	5,662,200	5,436,340	225,860
Contractual services	392,700	442,700	407,050	35,650
Operating costs	792,600	742,600	502,962	239,638
Other financing uses	-	-	-	-
Total expenditures	<u>6,547,500</u>	<u>6,847,500</u>	<u>6,346,352</u>	<u>501,148</u>
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget	-	-	<u>11,407</u>	<u>11,407</u>
Cash balance carryforward	<u>-</u>	<u>-</u>		
Total	<u>\$ -</u>	<u>-</u>		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS) - GENERAL FUND - SPECIAL
APPROPRIATION MARIAN HALL
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ 800,000	800,000	800,000	-
Reversions	-	-	-	-
Other fees	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	800,000	800,000	800,000	-
Expenditures				
Current				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Operating costs	800,000	800,000	-	800,000
Other financing uses	-	-	-	-
Total expenditures	800,000	800,000	-	800,000
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget	-	-	<u>800,000</u>	<u>800,000</u>
Cash balance used	-	-		
Total	\$ -	-		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS) - GENERAL FUND - LAWS OF 2007
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ -	-	-	-
Reversions	-	-	(15,298)	(15,298)
Other fees	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>(15,298)</u>	<u>(15,298)</u>
Expenditures				
Current				
Personnel services	-	-	-	-
Contractual services	219,500	219,500	85,306	134,194
Operating costs	520,000	520,000	-	520,000
Other financing uses	-	-	-	-
Total expenditures	<u>739,500</u>	<u>739,500</u>	<u>85,306</u>	<u>654,194</u>
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget	(739,500)	(739,500)	<u>(100,604)</u>	<u>638,896</u>
Cash balance used	<u>739,500</u>	<u>739,500</u>		
Total	<u>\$ -</u>	<u>-</u>		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS) - GENERAL FUND - QWEST
PERFORMANCE ASSURANCE PLAN
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ 30,000	30,000	30,000	-
Reversions	-	-	-	-
Other fees	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	30,000	30,000	30,000	-
Expenditures				
Current				
Personnel services	30,000	30,000	-	30,000
Contractual services	-	-	-	-
Operating costs	-	-	-	-
Other financing uses	-	-	-	-
Total expenditures	30,000	30,000	-	30,000
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget	-	-	<u>30,000</u>	<u>30,000</u>
Cash balance used	-	-		
Total	\$ -	-		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS) - GENERAL FUND - EVIDENCE PROCESSING ROOM
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ -	-	-	-
Reversions	-	-	-	-
Bond proceeds	200,000	200,000	-	(200,000)
Other financing sources	-	-	-	-
Total revenues	200,000	200,000	-	(200,000)
Expenditures				
Current				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Operating costs	200,000	200,000	-	200,000
Other financing uses	-	-	-	-
Total expenditures	200,000	200,000	-	200,000
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget	-	-	-	-
Cash balance used	-	-	-	-
Total	\$ -	-	-	-

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NONMAJOR FUNDS
June 30, 2008

Insurance Examination Fund. To account for funds received from insurance companies and insurance agencies which have been financially audited and examined for financial solvency and claim payment practices. These funds are used to defray travel and per diem costs pursuant to Section 59A-4-14 NMSA 1978 and is non-reverting. (SHARE Fund #43000-11300)

Insurance Licensee Continuing Education Fund. To account for funds received and expended for the purpose of administering the continuing education program pursuant to the provisions of Section 59A- 12-26 NMSA 1978. The fund is non-reverting. (SHARE Fund #43000-17100)

Title Insurance Maintenance Fund. To account for fees relating to the New Mexico Title Insurance Law, Section 59A-30-1 through 59A-30-15. NMSA 1978. The Superintendent of Insurance determines a rate of assessment and collects a maintenance fee that does not exceed 1% of the gross title insurance premiums on policies written in New Mexico. The fee is deposited into the "Title Insurance Maintenance Assessment Fund" for use in paying expenses incurred in regulating and administering the New Mexico Title Insurance Law, including compensation and expenses of personnel and consultants. The purpose of the program is to promulgate rules and regulations to protect consumers and purchasers of title insurance pursuant to the McCarran-Ferguson Act (P.L. 79-15, U.S.C. Section 1001-1015). The fund is non-reverting. (SHARE Fund #43000-86000)

Insurance Fraud Fund. To account for all fees collected under the provisions of the Insurance Fraud Act, Section 59A-16C-1 through 59A-16C-16, NMSA 1978, which shall be deposited in the fund and are subject to appropriation for use in paying the expenses incurred by the Superintendent of Insurance in carrying out the provisions of the Insurance Fraud Act. Interest on the fund shall be credited to the fund. The fund is a continuing, non-reverting fund. (SHARE Fund #43000-37500)

Reproduction Fee Fund. To account for the revenue and related expenses of providing copying services to other state agencies, to the general public and to other divisions within the Public Regulation Commission. This fund is non-reverting. (SHARE Fund # 43000-47700)

Fire Fighters Use Fee. To account for fees paid by nonstate fire fighters that are used for the fire fighters Training Academy. This fund is non-reverting. (SHARE Fund #43000-09300)

Fire Protection Fund. To provide for distribution of funds from the fire protection fund under the Fire Protection Fund Law, Chapter 59A, Article 53 NMSA 1978, to incorporated cities, towns and villages, and to county fire districts, in protection to their respective needs, for use in operation, maintenance and betterment of local fire departments, to the end that the hazard of loss by fire and fire insurance rates may be reduced and the public safety thereby promoted.

Pipeline Safety Fund. To account for fees collected pursuant to Subsection D of 70-3-21 NMSA 1978, appropriations, gifts, grants, donations, and earnings from investment of the fund. Balances in the fund at year-end do not revert to the general fund. The purpose of the fund is for enhancing the staffing and training of Pipeline Safety Bureau for the inspection function of interstate and intrastate pipelines. (SHARE #43000-37700)

	Reproduction Fund	Firefighters Use Fee	Fire Protection Grant Fund	Pipeline Safety	Total
\$	111,789	570,099	3,380,797	(104,522)	5,646,888
	138,636	-	-	397,242	897,581
<hr/>					
\$	250,425	570,099	3,380,797	292,720	6,544,469
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	250,425	570,099	3,380,797	292,720	6,544,469
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\$	250,425	570,099	3,380,797	292,720	6,544,469
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	Reproduction Fund	Firefighters Use Fund	Fire Protection Grant Fund	Pipeline Safety	Total
\$	-	-	-	-	1,298,191
	105,395	159,653	14,393	1,052,199	1,836,610
	105,395	159,653	14,393	1,052,199	3,134,801
	105,395	159,653	14,393	1,052,199	3,134,801
	-	-	4,702,032	45,195	4,935,927
	(124,800)	-	(1,335,628)	(821,000)	(3,947,728)
	(124,800)	-	3,366,404	(775,805)	988,199
	(19,405)	159,653	3,380,797	276,394	4,123,000
	269,830	410,446	-	16,326	2,421,469
\$	250,425	570,099	3,380,797	292,720	6,544,469

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INSURANCE EXAMINATION FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Insurance tax	\$ -	-	-	-
Expenditures				
Other financing uses	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Cash balance carryforward	-	-		
Total	<u>\$ -</u>	<u>-</u>		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INSURANCE LICENSEE CONTINUING EDUCATION FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Insurance tax	\$ -	-	95,219	95,219
Expenditures				
Other financing uses	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	<u>95,219</u>	<u>95,219</u>
Cash balance carryforward	-	-		
Total	<u>\$ -</u>	<u>-</u>		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
TITLE INSURANCE MAINTENANCE FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Other financing sources	\$ -	40,000	14,174	(25,826)
Other	319,000	319,000	504,970	185,970
Total revenues	319,000	359,000	519,144	160,144
Expenditures				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	319,000	359,000	359,000	-
Total expenditures	319,000	359,000	359,000	-
Excess (deficiency) of revenues over expenditures	-	(40,000)	<u>160,144</u>	<u>160,144</u>
Cash balance carryforward	-	40,000		
Total	\$ -	-		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INSURANCE FRAUD FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Insurance tax	\$ -	-	1,202,972	1,202,972
Other financing sources	-	-	174,526	174,526
Total revenues	-	-	1,377,498	1,377,498
Expenditures				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	1,307,300	1,307,300	1,307,300	-
Total expenditures	1,307,300	1,307,300	1,307,300	-
Excess (deficiency) of revenues over expenditures	(1,307,300)	(1,307,300)	70,198	1,377,498
Cash balance carryforward	1,307,300	1,307,300		
Total	\$ -	-		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
REPRODUCTION FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Printing & Reproduction	\$ 124,800	124,800	105,395	(19,405)
Expenditures				
Personnel services	-	-	-	-
Other financing uses	124,800	124,800	124,800	-
Excess (deficiency) of revenues over expenditures	-	-	<u>(19,405)</u>	<u>(19,405)</u>
Cash balance carryforward	-	-		
Total	<u>\$ -</u>	<u>-</u>		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FIREFIGHTERS USE FEE FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Other fees	\$ -	-	159,653	159,653
Expenditures				
Other	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	<u>159,653</u>	<u>159,653</u>
Cash balance carryforward	-	-		
Total	<u>\$ -</u>	<u>-</u>		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FIRE PROTECTION GRANT FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Other financing sources	\$ -	1,431,137	4,702,032	3,270,895
Other	-	-	14,393	14,393
	<hr/>			
Total revenues	-	1,431,137	4,716,425	3,285,288
	<hr/>			
Expenditures				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other financing uses	-	-	-	-
Other	-	1,431,137	1,335,628	95,509
	<hr/>			
Total expenditures	-	1,431,137	1,335,628	95,509
	<hr/>			
Excess (deficiency) of revenues over expenditures	-	-	3,380,797	3,380,797
	<hr/>			
Cash balance carryforward	-	-		
	<hr/>			
Total	\$ -	-		
	<hr/> <hr/>			

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
PIPELINE SAFETY FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Other fees	\$ 821,000	82,100	1,052,199	970,099
Other financing sources	-	-	45,195	45,195
Total revenues	<u>821,000</u>	<u>82,100</u>	<u>1,097,394</u>	<u>1,015,294</u>
Expenditures				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other financing uses	821,000	821,000	821,000	-
Total expenditures	<u>821,000</u>	<u>821,000</u>	<u>821,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(738,900)	<u>276,394</u>	<u>1,015,294</u>
Cash balance carryforward	-	-		
Total	<u>\$ -</u>	<u>(738,900)</u>		

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
AGENCY FUNDS
June 30, 2008

Agency funds are used to account for assets held as an agent for other governmental units, for claimants and for other funds. The agency funds of the Commission are as follows:

Trust Funds with the Superintendent of Insurance Fund. Section 59A-10-4, NMSA 1978 requires insurance companies to deposit with the State Treasurer, through the Superintendent of Insurance, certain securities to be held in trust for the benefit of all its policy holders and creditors. Since the Superintendent of Insurance is acting in a fiduciary capacity, a separate agency fund has been set up to reflect the assets held and related liability. There are no revenues collected on these funds as any earnings are forwarded to the insurance companies and no expenses are attributed to this fund.

Motor Transportation Fund. To account for the collection and payment to the State Road Fund of monies received from both interstate and intrastate motor carriers. Collections are from permits, filing fees, and leases. (SHARE Fund #43000-19000)

Fire Protection Fund. To account for the receipts from the Insurance Suspense Fund. The Fire Protection Fund distributes the monies collected for the operations of the State Fire Marshal and for the operations, maintenance, and betterment of local fire districts. Section 59A-53-15, NMSA 1978 provides that all sums in excess of the total of one hundred thousand dollars (\$100,000) for the pro rata distribution plus 75% of the approved State Fire Marshal budget for the succeeding fiscal year plus the amount certified to be distributed as provided in the Fire Protection Act shall be credited to the State General Fund on or before June 30, of each fiscal year. (SHARE Fund # 43000-57800)

Corporation Fees Fund. To account for the collection and payment to the State General Fund of monies received from corporations authorized to do business in the State of New Mexico. Collections are from taxes, licenses, permits and various other fees. (SHARE Fund # 43000-50300)

Qwest Performance Assurance Plan. To account for collection of Tier 2 payments received in conjunction with Qwest's application for approval under Section 271 of the Telecommunications Act of 1996. An agreement was formed requiring Qwest to meet certain parity and benchmark standards as defined in the agreement dated August 20, 2002. Failure to meet the specified criteria results in Tier 2 payments to the Fund. The fund reverts to the State General Fund. (SHARE Fund #43000-30500)

Franchise Tax Fund. To account for the collection and payment to the State General Fund of monies received from corporations and franchises authorized to do business in the State of New Mexico. Collections are from franchise taxes. (SHARE Fund #43000-50400)

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
AGENCY FUNDS (CONTINUED)
June 30, 2008

Pipeline Fees Fund. To account for the collection and payment to the State General Fund of monies received from companies that conduct pipeline business in the State of New Mexico. Collections are from various fees set by state statute. (SHARE Fund # 43000-50500)

Special Corporation Fees Fund. To account for the collection and payment to the State General Fund of monies collected from railroads, telephone companies and radio communication carriers doing business within the State of New Mexico. Collections are from one-fourth of one percent of the gross receipts of the companies' business within the State of New Mexico. (SHARE Fund # 43000-50600)

Insurance Suspense Fund. To account for the collection of fees, licenses, penalties and taxes and payments to the Fire Protection Fund and other various state agencies with the excess transferring to the State General Fund. (SHARE Fund # 43000-50800)

Fire Protection Grant Fund. To account for the collection of transfers, appropriations, gifts, grants, donations, and bequests to the Fire Protection Grant Fund. Money in the fund is appropriated to the fire protection grant council for the purpose of making distributions approved by the council for the critical needs of municipal and county fire districts. (SHARE Fund # 43000-56900)

	Qwest Performance Assurance Plan	Franchise Tax	Pipeline Fees	Special Corporation Fees	Insurance Suspense	Fire Protection Grant	Total
\$	56,970	21,375	5,000	856,543	10,071,542	-	56,110,381
	-	-	-	-	-	-	4,243,968
	-	-	-	-	-	-	385,178,723
	-	-	-	-	39,186	-	1,562,890
	56,970	21,375	5,000	856,543	10,110,728	-	447,095,962
	56,970	21,375	-	856,543	2,463,817	-	25,157,538
	-	-	5,000	-	2,974,468	-	2,979,468
	-	-	-	-	4,672,443	-	5,060,594
	-	-	-	-	-	-	5,290,200
	-	-	-	-	-	-	19,185,471
	-	-	-	-	-	-	389,422,691
	56,970	21,375	5,000	856,543	10,110,728	-	447,095,962
\$	-	-	-	-	-	-	-

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
TRUST FUNDS WITH SUPERINTENDENT				
ASSETS				
Cash in banks - ancillary receivership	\$ 8,717,512	-	(4,473,544)	4,243,968
Security deposits	384,699,723	479,000	-	385,178,723
Total Assets	<u>\$ 393,417,235</u>	<u>479,000</u>	<u>(4,473,544)</u>	<u>389,422,691</u>

LIABILITIES				
Deposits held in trust	\$ 393,417,235	479,000	(4,473,544)	389,422,691
Total Liabilities	<u>\$ 393,417,235</u>	<u>479,000</u>	<u>-</u>	<u>389,422,691</u>

MOTOR TRANSPORTATION

ASSETS				
Interest in the State Treasurer Investment Pool	\$ 16,756	1,237,662	(866,267)	388,151
Due from other funds	33,920	-	(33,920)	-
Total Assets	<u>\$ 50,676</u>	<u>1,237,662</u>	<u>(900,187)</u>	<u>388,151</u>

LIABILITIES				
Due to other state agencies	\$ 50,676	1,237,662	(900,187)	388,151
Accounts payable	-	-	-	-
Undistributed receipts	-	-	-	-
Total Liabilities	<u>\$ 50,676</u>	<u>1,237,662</u>	<u>(900,187)</u>	<u>388,151</u>

FIRE PROTECTION

ASSETS				
Interest in the State Treasurer Investment Pool	\$ 60,577,181	63,922,398	(80,105,050)	44,394,529
Due from other funds	637,679	1,901,776	(637,679)	1,901,776
Total Assets	<u>\$ 61,214,860</u>	<u>65,824,174</u>	<u>(80,742,729)</u>	<u>46,296,305</u>

LIABILITIES				
Due to State General Fund	\$ 19,994,511	21,377,176	(19,929,125)	21,442,562
Due from other funds	1,435,833	3,316,200	(4,752,033)	-
Undistributed receipts	4,822,600	467,600	-	5,290,200
Accounts payable	34,961,916	19,563,543	(34,961,916)	19,563,543
Total Liabilities	<u>\$ 61,214,860</u>	<u>44,724,519</u>	<u>(59,643,074)</u>	<u>46,296,305</u>

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS (CONTINUED)
Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
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CORPORATION FEES

ASSETS

Interest in the State Treasurer Investment				
Pool	\$ 35	2,999,673	(3,315,979)	(316,271)
Total Assets	<u>\$ 35</u>	<u>2,999,673</u>	<u>(3,315,979)</u>	<u>(316,271)</u>

LIABILITIES

Due to State General Fund	\$ 35	2,999,673	(3,315,979)	(316,271)
Accounts payable	-	-	-	-
Total Liabilities	<u>\$ 35</u>	<u>2,999,673</u>	<u>(3,315,979)</u>	<u>(316,271)</u>

QWEST PERFORMANCE ASSURANCE PLAN

ASSETS

Interest in the State Treasurer Investment				
Pool	\$ 51,370	5,600	-	56,970
Total Assets	<u>\$ 51,370</u>	<u>5,600</u>	<u>-</u>	<u>56,970</u>

LIABILITIES

Due to State General Fund	\$ 51,370	5,600	-	56,970
Total Liabilities	<u>\$ 51,370</u>	<u>5,600</u>	<u>-</u>	<u>56,970</u>

FRANCHISE TAX

ASSETS

Interest in the State Treasurer Investment				
Pool	\$ -	151,674	(130,299)	21,375
Total Assets	<u>\$ -</u>	<u>151,674</u>	<u>(130,299)</u>	<u>21,375</u>

LIABILITIES

Due to State General Fund	\$ -	151,674	(130,299)	21,375
Total Liabilities	<u>\$ -</u>	<u>151,674</u>	<u>(130,299)</u>	<u>21,375</u>

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS (CONTINUED)
Year Ended June 30, 2008

PIPELINE FEES	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ -	74,886	(69,886)	5,000
Due from other funds	-	-	-	-
Total Assets	\$ -	74,886	(69,886)	5,000

LIABILITIES				
Due to State General Fund	\$ -	74,886	(69,886)	5,000
Due to external parties	-	-	-	-
Total Liabilities	\$ -	74,886	(69,886)	5,000

SPECIAL CORPORATION FEES

ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ -	14,800,150	(13,943,607)	856,543
Accounts receivable	-	-	-	-
Due from State General Fund	-	-	-	-
Total Assets	\$ -	14,800,150	(13,943,607)	856,543

LIABILITIES				
Due to State General Fund	\$ -	14,800,150	(13,943,607)	856,543
Due to other state agencies	-	-	-	-
Total Liabilities	\$ -	14,800,150	(13,943,607)	856,543

INSURANCE SUSPENSE

ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ 6,041,590	196,670,781	(192,640,829)	10,071,542
Due from State General Fund	-	-	-	-
Due from other funds	-	39,186	-	39,186
Total Assets	\$ 6,041,590	196,709,967	(192,640,829)	10,110,728

LIABILITIES				
Due to State General Fund	\$ 1,501,665	110,540,716	(109,578,564)	2,463,817
Due to external parties	1,006,138	2,974,468	(1,006,138)	2,974,468
Due to other state agencies	3,533,787	13,762,031	(12,623,375)	4,672,443
Undistributed receipts	-	-	-	-
Accounts payable	-	-	-	-
Total Liabilities	\$ 6,041,590	127,277,215	(123,208,077)	10,110,728

STATE OF NEW MEXICO
 PUBLIC REGULATION COMMISSION
 COMBINING SCHEDULE OF CHANGES IN ASSETS
 AND LIABILITIES - ALL AGENCY FUNDS (CONTINUED)
 Year Ended June 30, 2008

FIREFIGHTERS' SURVIVOR	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ -	50,000	-	50,000
Total Assets	<u>\$ -</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
LIABILITIES				
Undistributed receipts	\$ -	50,000	-	50,000
Total Liabilities	<u>\$ -</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
SCHEDULE OF SPECIAL APPROPRIATIONS
Year Ended June 30, 2008

	Current Year Revenue	Amount Appropriated	Current Year Expenditures	Project to Date Expenditures	Unexpended Portion
General Fund Special Appropriations					
Laws of 2004.					
Chapter 42, Section 62 Public Regulation Commission	\$ -	50,000	-	-	50,000
Laws of 2007,					
Chapter 42, Section 19 Public Regulation Commission	-	200,000	-	-	200,000
Chapter 28, Section 5 Public Regulation Commission	-	50,000	34,702	34,702	15,298
Chapter 28, Section 5 Public Regulation Commission	-	299,500	50,604	50,604	248,896
Laws of 2008, Chapter 3,					
Section 5 Public Regulation Commission	30,000	30,000	-	-	30,000
Section 5 Public Regulation Commission	800,000	800,000	-	-	800,000
Bond Proceeds Appropriations					
Laws of 2008, Chapter 3, Section 5 Public Regulation Commission	200,000	200,000	-	-	200,000

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters
Based on an Audit of Financial
Statements Performed in Accordance With
*Governmental Auditing Standards***

Public Regulation Commissioners
State of New Mexico Public Regulation Commission
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, each major fund, including the budgetary comparisons, and the aggregate remaining fund information of the State of New Mexico Public Regulation Commission (Commission), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 15, 2008. We have also audited the financial statements of each of the Commission's nonmajor governmental and fiduciary funds, including the budgetary comparisons, for the year then ended June 30, 2008. 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 Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission'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.

Public Regulation Commissioners
State of New Mexico Public Regulation Commission
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission'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 Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies in internal control over financial reporting; - 08-01

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 Commission's internal controls.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Public Regulation Commissioners
State of New Mexico Public Regulation Commission
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 02-03 and 07-05.

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

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

Moss Adams LLP

Albuquerque, New Mexico
December 15, 2008

STATE OF NEW MEXICO PUBLIC REGULATION COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2008

<u>Comment</u>	<u>Current Status</u>
02-03 Cash Receipts Deposits	Repeated and Modified
07-01 Reconciliation of Interest in Sate Investment Pool	Resolved
07-02 Lack of Adequate Management Reporting	Resolved
07-03 Journal Entry Processing	Resolved
07-04 Operating Transfers	Resolved
07-05 Procurement Code Violations	Repeated and Modified
07-06 Patient's Compensation Fund Actuarial Report	Resolved
07-07 Timeliness of Audit Report	Resolved

STATE OF NEW MEXICO PUBLIC REGULATION COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT

02-03 Cash Receipts Deposits

CONDITION

We selected a sample of 24 cash receipts and performed cash receipts testwork. We noted the following results in regards to the deposit timeliness of cash receipts:

Transportation Division—3 deposits were not deposited within 24 hours.

Utilities Division—1 deposit was not deposited within 24 hours.

In each instance above, we noted that the deposit generally underwent the following process: payment received from customer on day one, payment processed for deposit by the Administrative Services Division on day two, and deposited with the State Treasurer on day three.

CRITERIA

According to State Statute (59A-6-5(c) NMSA 1978), all money received must be deposited within twenty-four hours of receipt for the Insurance Division. The Transportation and Utility Divisions are covered by 6-10-3 NYSSA 1978, which also requires deposits to be made in 24 hours.

EFFECT

There is an increased possibility of the loss or theft of cash receipts.

CAUSE

The Commission at times receives a large quantity of incoming cash receipts. Computer systems are sometimes down, which creates a lag time in entering them into the system at the individual department.

STATE OF NEW MEXICO PUBLIC REGULATION COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2008

02-03 Cash Receipts Deposits (Continued)

RECOMMENDATION

All money received should be deposited within 24 hours. The Commission should consider streamlining the depositing process, providing additional training and guidelines and creating a monitoring function to ensure each division complies with these requirements or seek a statutory exemption from this requirement through the legislative process. For those divisions where depositing the cash receipts in 24 hours is not feasible, after considering possible streamlining, the Commission may wish to seek a statutory exemption from the 24 hour deposit rule.

MANAGEMENT RESPONSE

The Commission has made progress complying with the requisite statutes with implementing the Insurance Division Electronic Application and Licensing (IDEAL) system; a substantial dollar amount of electronic payments are received via this mechanism. However, the Commission continues to receive a significant volume of physical checks that must be processed manually. Program management will continue to develop individual program procedures identifying employee responsibilities and will hold employees and supervisors accountable. The Chief Financial Officer will continue to work with the program directors and employees to ensure that staff understands their respective roles and responsibilities which includes the importance of timely deposits in accordance with statute.

STATE OF NEW MEXICO PUBLIC REGULATION COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2008

07-05 Procurement Code Violation

CONDITION

The agency self reported a violation of the procurement code that it detected. The violation occurred when a professional service contractor performed work in the amount of \$8,822, but had only been approved for \$5,000 on a direct purchase order.

CRITERIA

NMAC 1.4.1.51 and the State Procurement Code requires amounts procured under a direct purchase order not exceed \$5,000.

EFFECT

By not monitoring contractor performance there is increased risk of over charges to the Commission.

CAUSE

The contractor and Commission staff did not monitor the amount of work as it was being performed to ensure it remained within the limits of the purchase order.

RECOMMENDATION

We recommend that the Commission implement stronger procedures to ensure that contractors are informed of the purchase order limitations on the work to be performed and that Commission staff more closely monitor the work of contractors.

MANAGEMENT RESPONSE

Management concurs with this finding. The procurement violation occurred due to lack of contractual service management within the Public Regulation Commission therefore not monitoring the billable hours being paid on this contract. Therefore Management has created a financial policy to assign a contract manager within each bureau who will monitor each contract to ensure that all invoices are verified against the budget approved with the contract. The assigned contract manager will verify, and sign the approved invoice prior to forwarding for payment validating that the billed amount is within the approved parameters of the contract.

STATE OF NEW MEXICO PUBLIC REGULATION COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2008

08-01 Approval of Per Diem and Mileage Reimbursements

CONDITON

During our testing of a sample of 5 Per Diem and Mileage reimbursements, we noted one mileage reimbursement for a witness in the amount of \$103 that was not approved by someone other than the preparer.

CRITERIA

Good internal controls require the review and approval of transactions prior to their processing to ensure they are properly authorized, calculated correctly and supported by adequate documentation.

EFFECT

There is an increased risk that unauthorized or inaccurate reimbursements may be processed.

CAUSE

It has not been the Commissions policy to have commissioner and witnesses per diem and mileage reimbursements approved by an independent person.

RECOMMENDATION

We recommend that the Commission develop a policy to review for accuracy, and with the exception of commissioners, authorize per diem and mileage reimbursements before they are processed.

MANAGEMENT RESPONSE

The commission's internal procedures will be modified to require pre-approval review of support documentation and signature approval by either the Chief Financial Officer (CFO) or Administrative Services Division Director prior to any employee leaving on business travel. Training will be provided to all bureaus within the commission on the procedures and required documentation that must be complete prior to the requested travel.

STATE OF NEW MEXICO PUBLIC REGULATION COMMISSION
EXIT CONFERENCE
Year Ended June 30, 2008

An exit conference was held on December 10, 2008. Attending were the following:

Representing the Commission:

Jason Marks, Chairman of Commission
Juan Rios, ASD Director
Matthew Lovato – Chief Financial Officer
Donald Martinez, Accounting Manager
Annette Reynolds, Budget Analyst

Representing Moss Adams LLP:

Larry Carmony, Partner
Carmen Rodriguez, Senior

The financial statements were prepared with the assistance of Moss Adams LLP.