



**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION**

FINANCIAL STATEMENTS

JUNE 30, 2010

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION**

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**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION**

*Official Roster
As of June 30, 2010*

COMMISSIONERS

Jason Marks	Commissioner
Sandy Jones	Commissioner
Theresa Becenti-Aguilar	Commissioner
David King	Chairman
Jerome Block	Vice-Chairman

ADMINISTRATIVE OFFICIALS

Michael Rivera	Chief of Staff
Juan Rios	Director, Administrative Services
Matthew Lovato	Chief Financial Officer
Mona Varela	Director, Consumer Relations
John Franchini	Superintendent of Insurance
Carol Rising	Director, Legal
Larry Lujan	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, 2010, which collectively comprise the Commission's basic financial statements as listed in the 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, 2010, 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2010, 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, 2010, 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, 2010, 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 6, 2010, 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 – 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of 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 on the financial statements 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 supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mess Adams LLP

Albuquerque, New Mexico
December 6, 2010

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

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 \$18,448,161 compared to the previous year amount of \$16,783,304 for a total net gain of \$1,664,857. The reasons for the net gain are primarily from the total cash and cash equivalents from the previous year. A total gain in cash and cash equivalents from the previous year was \$8,146,408 from \$56,348,419 to \$64,494,827, due primarily to the increase in fee collections from assessments made to the insurance industry and corporation fees collected. Fines from the transportation division also increased in FY 2010. The increase in cash and cash equivalents was in most funds with general fund increasing by \$342,325, patient compensation fund increased \$5,441,413, insurance operations fund decreased \$505,784, and non-major governmental funds increased \$703,600. The Patients Compensation Fund gain was largely due to the investment changes to the Patient Compensation Fund investment pool.

The total liabilities for the Commission totaled \$52,270,382.

In FY 10, the Commission completed the Evidence Processing Building which resides at the Fire Training Academy in Socorro, New Mexico. The Commission also finalized and moved all Commission staff from rental space into the state owned old PERA Building. This moved saved the State General Fund over \$1 million a year in building rental.

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 and working towards developing

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2010**

HIGHLIGHTS (CONTINUED)

Commission Highlights (Continued)

an online registration and payment system to streamline the revenue collections in the Corporations Bureau. The Commission has worked diligently in being fiscally responsible for all expenditures that are incurred by the commission.

The Commission approved and completed the RFP process awarding a contract to an outside firm to perform an audit and prudence review of the El Paso Electric and the Southwestern Public Service fuel clause. This type of review is the first completed review ever done before between all the major public service companies in New Mexico. The Rural Universal Service Fund RFP was approved and complete which will be in effect for the next four years.

The Commission continues to expand regulatory enforcement of all motor carriers in the State of New Mexico to ensure compliance issuing over 100 revocations in FY 10 to motor carriers who did not hold the required amount of insurance coverage to do business.

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

The Insurance Division has also implemented an online insurance search tool for consumers to compare insurance rate to determine if they are being over charged. This online tool has helped to decrease the complaints from consumers concerning insurance rates and insurance companies.

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. In FY 10, the State Fire Marshal's Office has continued to increase the number of statewide fire departments with an insurance rating of 8 or better indicating that more departments are ready for any responses of emergency. In FY 10, the insurance office rating reached 100 percent. The Fire Marshal's office also started collections from cigarette companies which will enable the Fire Marshal's office to enforce compliance with fire safety initiatives.

In FY 10, the ASD Division finalized the move of all Commission staff into the old PERA Building thus saving the State of New Mexico over \$1 million dollars in rent. Since 2002, the Commission has reduced its overall budget by 18% and has continued to be diligent and fiscally responsible in managing the Commission's overall expenditures. The ASD Division has been able to cut expenditures and maintain all Commission services and statutory requirements without any reductions in staff. ASD has moved all audit functions in-house which has increased the overall creditability of the division to report more current and up to date financial information to commissioners.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2010**

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.

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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2010**

USING THIS ANNUAL REPORT (CONTINUED)

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.

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

Statement of Net Assets	June 30, 2010	June 30, 2009
<i>Government Activities</i>		
Current and other assets	\$ 67,665,130	62,289,045
Capital assets	<u>3,053,413</u>	3,223,613
Total assets	<u>70,718,543</u>	<u>65,512,658</u>
Current liabilities	4,598,310	4,872,480
Non-current liabilities	<u>47,672,072</u>	43,856,874
Total liabilities	<u>52,270,382</u>	<u>48,729,354</u>
Net assets		
Invested in capital assets	3,053,413	3,223,613
Restricted for special projects	16,297,302	14,583,792
Unrestricted	<u>(902,554)</u>	(1,024,101)
Total net assets	<u>\$ 18,448,161</u>	<u>16,783,304</u>

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2010**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Statement of Activities

Government Activities

Operating grants and contributions	\$ 871,570	1,162,283
Investment income (loss)	4,367,967	(3,475,754)
Charges for services	23,995,320	20,793,330
General Fund appropriations	10,592,600	11,374,200
Other financing sources	13,408,078	17,686,716
Total revenue	<u>53,235,535</u>	<u>47,540,775</u>
Program expenses	38,049,309	35,765,200
Other financing uses	13,521,369	14,351,265
Total expense	<u>51,570,678</u>	<u>50,116,465</u>
Change in net assets	\$ 1,664,857	(2,575,690)
Net assets, beginning of year	<u>16,783,304</u>	<u>19,358,994</u>
Net assets, end of year	<u>\$ 18,448,161</u>	<u>16,783,304</u>

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

There have been significant changes to assets, liabilities, and net assets compared to the prior year due to the increased fees and fines collected within the Commission and the changes in the Patient Compensation investments pool which saw huge investment gains in FY 10. Assets also increased due to the participation into the Patient Compensation Fund by hospitals. The increased fees, assessments and fines along with investment gains for the Patient Compensations Fund accounted for the increase in current assets which increased by \$5,376,085. Current Liabilities in the current year have decreased with the increased awareness and timeliness of paying our debts. Non-current liabilities increased due to the increased claims being processed through the Patients Compensation Fund.

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 \$63,066,820, for a net increase over the prior fiscal period of \$5,650,257. This increase is in all major funds other than General Fund and the Fire protection Grant Fund each decreasing respectfully by \$179,557 in General Fund and \$1,829,342 in the Fire Protection Grant Fund. The decrease in General Fund is due to the push of completing all the infrastructure projects for the agency. The Fire Protection Grant Fund decrease is due to a larger amount transferred from the Fire Protection Fund into the grant fund in FY 09.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2010**

THE COMMISSION'S FUNDS (CONTINUED)

Budgetary Highlights

In the General Fund the budgeted expenditures decreased from FY 09 to FY 10 by \$3,204,896 due to the increased reduction in funding to the Commission. The decrease in expenditures was directed by the legislature to sustain general fund reductions due to the economic downturn in the state. The Commission has continued to manage its operations with reduced budget yet sustaining all statutory requirements that are set upon this commission.

CAPITAL ASSETS AND LONG-TERM DEBT

The decrease in capital assets of \$170,200 is due to the reduction and elimination of several vehicles that had high mileage. In FY 10, no additional vehicles were purchased due to the reduced budget and the economic downturn of the state.

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 Commission continues to make strides with the new financial and human capital system to ensure effective communication and financial reporting accountability. In FY 09, the Commission brought the complete financial close and statement preparation in-house moving away from contracting with an outside firm. The Commission's ASD staff is now fully experienced and knowledgeable with the new accounting system which allows the Commission to be more apprised of any financial situation that may arise.

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 Fire Protection Grant Fund for distribution. Annual amounts transferred to the Fire Protection 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. FY 10 is the second year in which the Fire Protection Grant Fund transfer percentage was held so that funds could be transferred to the General Fund to help reduce the overall state shortfall.

In FY 10, the new evidence processing building was completed and now fully functional to handle all fire inspection evidence. This will enable the State Fire Marshal's Office to process fire investigation evidence more quickly.

For the first time in history of the Patient Compensation Fund, hospitals were contributing to this fund. Thus in FY 10 the Patients Compensation Fund grew by over \$2,000,000 in revenue. Insurance fees and assessments continue to grow increasing the amount of funds collected by the Commission that transfer to the State's General Fund.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2010**

CURRENTLY KNOWN FACTS (CONTINUED)

HB 377 amended Section 59A-53-7 NMSA 1978 and established a Firefighters-Survivors Fund. The Commission 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.gov.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF NET ASSETS
June 30, 2010**

	Governmental Activities
ASSETS	
Investment in State Treasurer General Fund Investment Pool	\$ 32,524,765
Investments	31,970,062
Accounts receivable	7,404
Due from external parties	2,168,897
Due from other agencies	144,250
Due from federal government	849,752
Capital assets, net	3,053,413
Total assets	<u>70,718,543</u>
LIABILITIES	
Accounts payable	410,671
Accrued payroll	1,004,418
Due to State General Fund	2,479,540
Due to external parties	703,681
Non-current liabilities	
Due in one year	12,327,554
Due in more than one year	35,344,518
Total liabilities	<u>52,270,382</u>
NET ASSETS	
Invested in capital assets	3,053,413
Restricted for special projects	16,297,302
Unrestricted (deficit)	(902,554)
Total net assets	<u>\$ 18,448,161</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF ACTIVITIES
Year Ended 30, 2010**

	Policy & Regulation	Public Safety	Agency Support	Total Governmental Activities
Program Expenses	\$ 29,791,837	4,957,945	3,299,527	38,049,309
Program Revenues				
Operating grants and contributions	-	871,570	-	871,570
Charges for services	23,993,599	1,721	-	23,995,320
Net program (expense) revenue	\$ (5,798,238)	(4,084,654)	(3,299,527)	(13,182,419)
General revenues				
Transfers - General Fund appropriations				\$ 10,592,600
Transfers - State General Fund reversions - 2010 FY				(2,480,906)
Investment income (loss)				4,367,967
Transfers in from external parties				2,367,615
				14,847,276
Change in net assets				1,664,857
Net assets, beginning of year				16,783,304
Net assets, end of year				\$ 18,448,161

See Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010**

	General Fund	Patients' Compensation Fund	Fire Protection Grant Fund	Insurance Operations Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Current Assets						
Investment in State Treasurer General Fund	\$ 3,068,640	19,762,443	2,334,794	4,586,801	2,772,087	32,524,765
Investment Pool						
Investments	-	31,970,062	-	-	-	31,970,062
Receivables	7,404	-	-	-	-	7,404
Due from other funds	20,451	-	-	-	1,448,172	1,468,623
Due from external parties	15	-	772,950	1,395,932	-	2,168,897
Due from other agencies	141,056	2,850	344	-	-	144,250
Due from federal government	849,752	-	-	-	-	849,752
Total assets	\$ 4,087,318	51,735,355	3,108,088	5,982,733	4,220,259	69,133,753
LIABILITIES AND FUND BALANCES						
Current Liabilities						
Accounts payable	\$ 344,240	66,334	97	-	-	410,671
Accrued payroll	1,004,418	-	-	-	-	1,004,418
Due to other funds	1,448,172	-	-	-	20,451	1,468,623
Due to external parties	703,681	-	-	-	-	703,681
Due to State General Fund	561,086	-	-	1,914,951	3,503	2,479,540
Total liabilities	4,061,597	66,334	97	1,914,951	23,954	6,066,933
FUND BALANCES						
Unreserved: Designated for future year expenditures						
General Fund	25,721	-	-	-	-	25,721
Special Revenue Funds	-	51,669,021	3,107,991	4,067,782	4,196,305	63,041,099
Total fund balances	25,721	51,669,021	3,107,991	4,067,782	4,196,305	63,066,820
Total liabilities and fund balances	\$ 4,087,318	51,735,355	3,108,088	5,982,733	4,220,259	69,133,753

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, 2010**

Fund balances - total governmental funds \$ 63,066,820

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

Governmental capital assets	\$ 9,880,499	
Accumulated depreciation	(6,827,086)	
		3,053,413

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	(46,769,518)	
Compensated absences	(902,554)	

Net assets governmental activities \$ 18,448,161

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, 2010

	General Fund	Patients' Compensation Fund	Fire Protection Grant Fund	Insurance Operations Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Insurance tax	\$ -	-	-	-	1,448,727	1,448,727
Other fees	1,721	12,733,123	2,293	8,469,979	1,339,477	22,546,593
Investment income	-	3,178,048	-	-	-	3,178,048
Grant funds	871,570	-	-	-	-	871,570
Interest income	-	1,189,919	-	-	-	1,189,919
Total revenues	873,291	17,101,090	2,293	8,469,979	2,788,204	29,234,857
EXPENDITURES						
Current						
Personnel services	13,591,712	-	-	-	-	13,591,712
Employee benefits	5,265,489	-	-	-	-	5,265,489
In-state travel	168,571	105	5,378	-	-	174,054
Maintenance and repairs	231,764	-	-	-	-	231,764
Supplies	596,373	-	-	-	-	596,373
Contractual services	1,040,937	289,077	-	-	-	1,330,014
Operating costs	1,245,905	10,999,788	-	-	-	12,245,693
Out-of-state travel	77,305	-	-	-	-	77,305
Capital outlay	551,505	-	-	-	-	551,505
Total expenditures	22,769,561	11,288,970	5,378	-	-	34,063,909
Excess (deficiency) of Revenues over expenditures	(21,896,270)	5,812,120	(3,085)	8,469,979	2,788,204	(4,829,052)
OTHER FINANCING SOURCES AND (USES)						
General Fund appropriations	10,592,600	-	-	-	-	10,592,600
Reversions to the State General Fund	(565,955)	-	-	(1,914,951)	-	(2,480,906)
Operating transfers in	11,690,068	-	772,950	-	945,060	13,408,078
Operating transfers out	-	(277,400)	(2,599,207)	(5,343,700)	(2,820,156)	(11,040,463)
Total other financing sources and (uses)	21,716,713	(277,400)	(1,826,257)	(7,258,651)	(1,875,096)	10,479,309
Net change in fund balances	(179,557)	5,534,720	(1,829,342)	1,211,328	913,108	5,650,257
Fund balances, beginning	205,278	46,134,301	4,937,333	2,856,454	3,283,197	57,416,563
Fund balances, ending	\$ 25,721	51,669,021	3,107,991	4,067,782	4,196,305	63,066,820

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, 2010**

Net change in fund balances - total governmental funds	<u>\$ 5,650,257</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlay	302,610
Depreciation expense	<u>(483,623)</u>
Change in capital assets	(181,013)
Change in Patients' Compensation Fund claim liabilities	(3,936,745)
Change in compensated absences	121,548
Other	<u>10,810</u>
Change in net assets of governmental activities	<u><u>\$ 1,664,857</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 11,035,200	10,592,300	10,592,600	300
Reversions	-	-	(2,214,692)	(2,214,692)
Other financing sources	13,332,700	13,332,700	13,203,805	(128,895)
Federal funds	595,000	742,000	871,570	129,570
Other fees	-	-	1,721	1,721
Bond appropriation	-	135,000	135,000	-
Total budgeted revenues	<u>24,962,900</u>	<u>24,802,000</u>	<u>22,590,004</u>	<u>(2,211,996)</u>
Expenditures				
Personnel services	19,751,500	19,389,100	18,829,890	559,210
Contractual services	1,181,999	1,223,569	789,203	434,366
Operating costs	4,450,820	4,610,750	3,150,468	1,460,282
Other financing uses	2,000	2,000	-	2,000
Total budgeted expenditures	<u>25,386,319</u>	<u>25,225,419</u>	<u>22,769,561</u>	<u>2,455,858</u>
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	(423,419)	(423,419)	<u>(179,557)</u>	<u>243,862</u>
Cash balance carryforward	<u>423,419</u>	<u>423,419</u>		
Total	<u>\$ -</u>	<u>-</u>		

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, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Doctor's surcharge	\$ -	-	12,733,123	12,733,123
Interest	-	-	4,367,967	4,367,967
Other fees	-	-	-	-
Total revenues	-	-	17,101,090	17,101,090
Expenditures				
Contractual services	435,000	435,000	289,077	145,923
Operating costs	10,050,000	18,550,000	10,999,893	7,550,107
Other financing uses	281,300	281,300	277,400	3,900
Total expenditures	10,766,300	19,266,300	11,566,370	7,699,930
Excess (deficiency) of revenues over expenditures (prior year cash balance required to balance budget)	(10,766,300)	(19,266,300)	5,534,720	24,801,020
Cash balance carryforward	10,766,300	19,266,300		
Total	\$ -	-		

See Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FIRE PROTECTION GRANT FUND
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Other financing sources	\$ -	4,767,279	772,950	(3,994,329)
Other	-	-	2,293	2,293
	<hr/>			
Total revenues	-	4,767,279	775,243	(3,992,036)
	<hr/>			
Expenditures				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other financing uses	-	-	-	-
Other	-	4,767,279	2,604,585	2,162,694
	<hr/>			
Total expenditures	-	4,767,279	2,604,585	2,162,694
	<hr/>			
Excess (deficiency) of revenues over expenditures	-	-	(1,829,342)	(1,829,342)
	<hr/>			
Cash balance carryforward	-	-		
	<hr/>			
Total	\$ -	-		
	<hr/>			

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INSURANCE OPERATIONS FUND
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Reversions	\$ -	-	(1,914,951)	(1,914,951)
Other fees	-	-	8,469,979	8,469,979
Other financing sources	-	-	-	-
Total revenues	-	-	6,555,028	6,555,028
Expenditures				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other financing uses	5,343,700	5,343,700	5,343,700	-
Total expenditures	5,343,700	5,343,700	5,343,700	-
Excess (deficiency) of revenues over expenditures	(5,343,700)	(5,343,700)	<u>1,211,328</u>	<u>6,555,028</u>
Cash balance carryforward	5,343,700	5,343,700		
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, 2010**

Agency Funds

ASSETS

Investment in State Treasurer General Fund Investment Pool	\$ 54,269,348
Cash in banks - ancillary receivership	1,575,316
Security deposits	437,443,705
Due from external parties	703,681
Due from other funds	1,444,455
Total assets	<u><u>\$ 495,436,505</u></u>

LIABILITIES

Due to State General Fund	\$ 7,624,419
Due to other funds	1,444,471
Due to external parties	2,168,882
Due to other state agencies	1,191,254
Undistributed receipts	817,590
Accounts payable	43,170,868
Deposits held in trust	439,019,021
Total liabilities	<u><u>\$ 495,436,505</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

GASB 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".

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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

A. Reporting Entity (Continued)

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 which consists of grants and fees.

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.

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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

B. Basic Financial Statements (Continued)

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 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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

B. Basic Financial Statements (Continued)

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).

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 was created by and is not reverting per Section 59A-53-18 NMSA 1978. (SHARE Fund # 43000-56900)

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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

C. Basis of Accounting (Continued)

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.

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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

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 2010 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 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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

D. Budgetary Accounting (Continued)

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.

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

The Commission's General Fund, Fire Protection Grant 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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

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."

I. Capital Assets

Property, plant and equipment purchased or acquired at a value of \$5,000 or greater are capitalized. 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

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

I. Capital Assets (Continued)

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.

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.

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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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

J. Restrictions, Reservations and Designations (Continued)

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.

NOTE 3. CASH AND INVESTMENTS

Included in cash and cash equivalent is \$87,038,863 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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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, 2010, 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 General Fund Investment Pool:

	Book Balance	Treasurer Balance
General Fund		
Operating Account	\$ 3,068,640	3,068,640
Special Revenue Funds		
Insurance Examination	23,503	23,503
Insurance Licensee Continuing Education	622,666	622,666
Insurance Fraud Fund	468,034	468,034
Title Insurance Maintenance	203,647	203,647
Reproduction Fund	357,741	357,741
Fire Protection Fund	2,334,794	2,334,794
Insurance Operations Fund	4,586,801	4,586,801
Fire Fighters Use Fee	790,726	790,726
Patients' Compensation Fund	19,762,443	19,762,443
Capital Projects		
Pipeline Safety Fund	305,770	305,770
Agency		
Fire Fighter Survivor Fund	50,000	50,000
Fire Protection Fund	52,812,416	52,812,416
Motor Transportation	257,924	257,924
Corporation Fees Fund	19,795	19,795
Qwest Performance Assurance Plan	30,300	30,300
Franchise Tax Fund	825	825
Special Corporation Fees Fund	-	-
Insurance Suspense Fund	1,098,088	1,098,088
Total cash on deposit with New Mexico State Treasurer	<u>\$ 86,794,113</u>	<u>86,794,113</u>

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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, 2010:

Century Bank	\$ 626,299
Valley National Bank	405,359
First National Bank of Santa Fe	212,734
Wells Fargo	4,325
Bank of America	<u>326,599</u>
Total	<u>\$ 1,575,316</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, 2010, 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 \$437,443,705 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, 2010**

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, 2010:

	Original Cost	Market Value
Large Cap Active Fund	\$ -	-
Core Bond Fund	19,294,228	22,266,117
Large Cap Index	-	-
Non US Developed	789,111	850,087
Emerging Markets	510,099	627,812
Mid/Small Cap	-	-
Large Cap ETF	3,910,582	4,474,207
S&P Index ETF	1,561,025	1,780,337
SMID ETF	1,632,460	1,971,501
	<u>\$ 27,697,505</u>	<u>31,970,062</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, 2010**

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 to Other Funds				Total
	550000	375000	3777000	860000	
	General	Insurance	Pipeline	Title	
	Fund	Fraud Fund	Safety Fund	Insurance	
				Maintenance	
				Fund	
<u>Due From Other Funds</u>					
093000 Firefighters Use Fee	\$ 18,342	-	-	-	18,342
377000 Pipeline Safety	2,109	-	-	-	2,109
550000 General Fund	-	205,880	1,146,869	95,423	1,448,172
Total	\$ 20,451	205,880	1,146,869	95,423	1,468,623

	Due to External Parties				Total
	550000	578000	039000	569000	
	General	Fire	Insurance	Fire	
	Fund	Protection	Operations	Protection	
		Grant Fund	Fund	Fund	
<u>Due From External Parties</u>					
190000 Motor Transportation Fund	\$ 15	-	-	-	15
569000 Fire Protection Fund	-	772,950	-	-	772,950
508000 Insurance Suspense Fund	-	-	1,395,932	-	1,395,932
550000 General Fund	-	-	-	703,681	703,681
Total	\$ 15	772,950	1,395,932	703,681	2,872,578

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 5. CAPITAL ASSETS

The capital asset activity for the year ended June 30, 2010 is as follows:

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
Governmental Activities				
Depreciable Assets				
Land improvements	\$ 947,899	-	-	947,899
Buildings	2,006,623	-	-	2,006,623
Machinery and equipment	6,606,197	8,469	(142,030)	6,472,636
Construction in Progress	-	312,141	-	312,141
Building improvements	141,200	-	-	141,200
Totals at historical cost	<u>9,701,919</u>	<u>320,610</u>	<u>(142,030)</u>	<u>9,880,499</u>
Accumulated depreciation				
Land improvements	(941,992)	(815)	-	(942,807)
Buildings	(853,524)	(44,234)	-	(897,758)
Machinery and equipment	(4,619,250)	(435,750)	134,845	(4,920,155)
Building improvements	(63,540)	(2,824)	-	(66,364)
Total accumulated depreciation	<u>(6,478,306)</u>	<u>(483,623)</u>	<u>134,845</u>	<u>(6,827,086)</u>
Capital assets, net	<u>\$ 3,223,613</u>	<u>(163,013)</u>	<u>(7,185)</u>	<u>3,053,413</u>

Depreciation expense was related to the Policy and Regulation program in the amount of \$9,536, Public Safety in the amount of \$469,001, and Agency Support in the amount of \$5,086.

NOTE 6. NON-CURRENT LIABILITIES

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10	Payable Within 1 Year
Annual leave	\$ 1,001,344	1,064,530	(1,176,731)	889,143	889,143
Sick leave	22,758	23,710	(33,057)	13,411	13,411
Patients' Compensation Fund claims payable	42,832,773	14,936,533	(10,999,788)	46,769,518	11,425,000
Total non-current liabilities	<u>\$ 43,856,875</u>	<u>16,024,773</u>	<u>(12,209,576)</u>	<u>47,672,072</u>	<u>12,327,554</u>

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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, 2010, 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, 2010**

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>		
<u>General Fund (55000)</u>		
Department of Finance and Administration		
Board of Finance	341	\$ 141,056
Total General Fund		<u>\$ 141,056</u>
<u>Special Revenue</u>		
Special Revenue Fund (56900)		
State Treasurer	394	\$ 344
Patients Compensation Fund (23500)		
State Treasurer	394	<u>2,850</u>
Total Special Revenue		<u>3,194</u>
Total Due From		<u>\$ 144,250</u>
<u>Due to</u>		
<u>Agency</u>		
Motor Transportation (19000)		
Department of Transportation	805	\$ 257,909
Insurance Suspense (50800)		
New Mexico Finance Authority	385	930,000
Department of Finance and Administration		
Carrie Tingley	341	<u>3,345</u>
Total Agency		<u>1,191,254</u>
Total Due To		<u>\$ 1,191,254</u>

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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, 2010:

	General Fund 430-550	Insurance Ops. 430-039
Budget year 2010 reversion	\$ 565,955	1,914,951
Amounts already paid	<u>-</u>	<u>-</u>
Total due to State General Fund	<u>\$ 565,955</u>	<u>1,914,951</u>

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

NOTE 9. OTHER FINANCING SOURCES AND USES

Other financing sources and uses consist of the following:

	<u>Transfers</u>	
	In	Out
Commission Operating Fund (#55000)	\$ 11,690,068	-
(1)Patients' Compensation Fund (#23500)	-	277,400
(1)Insurance Operations Fund (#03900)	-	5,343,700
(1)Insurance Fraud Fund (#37500)	205,880	1,366,900
(1)Title Insurance Maintenance Fund (#86000)	95,423	363,255
(1)Pipeline Safety Fund (#37700)	643,757	1,026,401
(1)Reproduction Fund (#47700)	-	63,600
(2)Fire Protection Grant Fund (#56900)	<u>772,950</u>	<u>2,599,207</u>
Total governmental funds	<u>\$ 13,408,078</u>	<u>11,040,463</u>
(2)Agency Transfer out – other governments	<u>\$ -</u>	<u>2,367,615</u>
Grand Total	<u>\$ 13,408,078</u>	<u>13,408,078</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).

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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 benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 7.42% of their gross salary. The (name of employer) is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Commission are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Commission's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$2,028,965, \$2,309,259, and \$2,174,853, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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

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

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013, the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The Commission’s contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$168,897, \$168,763 and \$160,031, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

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, 2010, 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 \$258,563 for the year ended June 30, 2010. Future minimum payments under these leases are as follows:

2011	\$ 48,898
2012	26,698
2013	<u>18,120</u>
	<u>\$ 93,716</u>

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.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 14. JOINT POWERS AGREEMENT (CONTINUED)

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.

Government	Local Contribution	Commission 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
Chaves 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, 2010**

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, 2010**

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, 2010**

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ 7,973,800	7,654,000	7,654,100	100
Reversions	-	-	(260,803)	(260,803)
Other fees	-	-	1,258	1,258
Other financing sources	155,400	155,400	155,400	-
Other state funds	-	-	-	-
Total revenues	8,129,200	7,809,400	7,549,955	(259,445)
Expenditures				
Current				
Personnel services	7,116,700	6,837,500	6,759,086	78,414
Contractual services	223,800	214,800	151,941	62,859
Operating costs	788,700	757,100	638,928	118,172
Other financing uses	-	-	-	-
Total expenditures	8,129,200	7,809,400	7,549,955	259,445
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, 2010**

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ -	-	-	-
Reversions	-	-	(1,347,438)	(1,347,438)
Other fees	-	-	-	-
Other financing sources	5,489,300	5,489,300	5,252,800	(236,500)
Federal funds	595,000	742,000	871,570	129,570
Total revenues	6,084,300	6,231,300	4,776,932	(1,454,368)
Expenditures				
Current				
Personnel services	3,671,700	3,672,500	3,462,169	210,331
Contractual services	394,900	418,670	206,846	211,824
Operating costs	2,017,700	2,140,130	1,107,917	1,032,213
Other financing uses	-	-	-	-
Total expenditures	6,084,300	6,231,300	4,776,932	1,454,368
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, 2010**

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ 3,061,400	2,938,300	2,938,500	200
Reversions	-	-	(138,662)	(138,662)
Other fees	-	-	299	299
Other financing sources	510,200	510,200	510,200	-
Federal Funds	-	-	-	-
Total revenues	3,571,600	3,448,500	3,310,337	(138,163)
Expenditures				
Current				
Personnel services	3,003,300	2,919,300	2,874,717	44,583
Contractual services	106,300	82,700	26,084	56,616
Operating costs	462,000	446,500	409,536	36,964
Other financing uses	-	-	-	-
Total expenditures	3,571,600	3,448,500	3,310,337	138,163
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 - INSURANCE POLICY
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Reversions	\$ -	-	(458,207)	(458,207)
Other fees	-	-	164	164
Other financing sources	7,177,800	7,177,800	7,100,955	(76,845)
Total revenues	7,177,800	7,177,800	6,642,912	(534,888)
Expenditures				
Current				
Personnel services	5,959,800	5,959,800	5,733,918	225,882
Contractual services	427,200	477,200	379,001	98,199
Operating costs	790,800	740,800	529,993	210,807
Other financing uses	-	-	-	-
Total expenditures	7,177,800	7,177,800	6,642,912	534,888
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 - EVIDENCE PROCESSING ROOM
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ -	-	-	-
Reversions	-	-	-	-
Bond proceeds	-	135,000	135,000	-
Other financing sources	-	-	-	-
Total revenues	-	135,000	135,000	-
Expenditures				
Current				
Personnel services	-	-	-	-
Contractual services	9,799	10,199	8,970	1,229
Operating costs	164,123	298,723	242,540	56,183
Other financing uses	2,000	2,000	-	2,000
Total expenditures	175,922	310,922	251,510	59,412
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget)	(175,922)	(175,922)	(116,510)	59,412
Cash balance used	175,922	175,922		
Total	\$ -	-		

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS) - GENERAL FUND - MARIAN HALL
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ -	-	-	-
Reversions	-	-	-	-
Bond proceeds	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Operating costs	15,697	15,697	15,697	-
Other financing uses	-	-	-	-
Total expenditures	15,697	15,697	15,697	-
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget)	(15,697)	(15,697)	(15,697)	-
Cash balance used	15,697	15,697		
Total	\$ -	-		

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(NON-GAAP BUDGETARY BASIS) - GENERAL FUND - PRC MOVE
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
State general fund appropriation	\$ -	-	-	-
Reversions	-	-	(9,582)	(9,582)
Bond proceeds	-	-	-	-
Other financing sources	-	-	184,450	184,450
Total revenues	-	-	174,868	174,868
Expenditures				
Current				
Personnel services	-	-	-	-
Contractual services	20,000	20,000	16,361	3,639
Operating costs	211,800	211,800	205,857	5,943
Other financing uses	-	-	-	-
Total expenditures	231,800	231,800	222,218	9,582
Excess (deficiency) of revenues over expenditures (beginning cash balance used to balance budget)	(231,800)	(231,800)	(47,350)	184,450
Cash balance used	231,800	231,800		
Total	\$ -	-		

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NONMAJOR FUNDS
June 30, 2010**

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)

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
NONMAJOR FUNDS (CONTINUED)
June 30, 2010**

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)

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
COMBINING BALANCE SHEET - ALL NONMAJOR FUNDS
June 30, 2010**

	Insurance Examination	Insurance Licensee Continuing Education	Title Insurance Maintenance	Insurance Fraud
ASSETS				
Assets				
Interest in State Treasurer Investment Pool	\$ 23,503	622,666	203,647	468,034
Due from other funds	-	-	95,423	205,880
	<hr/>			
Total assets	\$ 23,503	622,666	299,070	673,914
	<hr/> <hr/>			
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Due to Other Funds	-	-	-	-
Due to State General Fund	3,503	-	-	-
	<hr/>			
Total liabilities	\$ 3,503	-	-	-
	<hr/> <hr/>			
FUND BALANCES				
Fund Balances				
Unreserved - designated for future year expenditures	20,000	622,666	299,070	673,914
	<hr/>			
Total fund balances	20,000	622,666	299,070	673,914
	<hr/>			
Total liabilities and fund balances	\$ 23,503	622,666	299,070	673,914
	<hr/> <hr/>			

Reproduction Fund	Firefighters Use Fee	Pipeline Safety	Total
357,741	790,726	305,770	2,772,087
-	-	1,146,869	1,448,172
<hr/>			
\$ 357,741	790,726	1,452,639	4,220,259
<hr/> <hr/>			
-	18,342	2,109	20,451
-	-	-	3,503
<hr/>			
-	18,342	2,109	23,954
<hr/> <hr/>			
357,741	772,384	1,450,530	4,196,305
<hr/>			
357,741	772,384	1,450,530	4,196,305
<hr/>			
\$ 357,741	790,726	1,452,639	4,220,259
<hr/> <hr/>			

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ALL NONMAJOR FUNDS
Year Ended June 30, 2010**

	Insurance Examination	Insurance Licensee Continuing Education	Title Insurance Maintenance	Insurance Fraud
Revenues				
Insurance tax	\$ -	107,646	-	1,341,081
Other fees	-	-	24,420	-
Total revenues	-	107,646	24,420	1,341,081
Excess (deficiency) of revenues over expenditures	-	107,646	24,420	1,341,081
Other Financing Sources and (uses)				
Other financing sources	-	-	95,423	205,880
Other financing uses	-	-	(363,255)	(1,366,900)
Total other financing sources and (uses)	-	-	(267,832)	(1,161,020)
Excess (deficiency) of revenues and other financing sources over expenditures	-	107,646	(243,412)	180,061
Fund balances, beginning of year	20,000	515,020	542,482	493,853
Fund balances, end of year	\$ 20,000	622,666	299,070	673,914

	Reproduction Fund	Firefighters Use Fund	Pipeline Safety	Total
\$	-	-	-	1,448,727
	106,452	57,571	1,151,034	1,339,477
	<u>106,452</u>	<u>57,571</u>	<u>1,151,034</u>	2,788,204
	<u>106,452</u>	<u>57,571</u>	<u>1,151,034</u>	2,788,204
	-	-	643,757	945,060
	(63,600)	-	(1,026,401)	(2,820,156)
	<u>(63,600)</u>	<u>-</u>	<u>(382,644)</u>	(1,875,096)
	42,852	57,571	768,390	913,108
	314,889	714,813	682,140	3,283,197
\$	<u>357,741</u>	<u>772,384</u>	<u>1,450,530</u>	4,196,305

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INSURANCE EXAMINATION FUND
Year Ended June 30, 2010**

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

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INSURANCE LICENSEE CONTINUING EDUCATION FUND
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Insurance tax	\$ -	-	107,646	107,646
<hr/>				
Expenditures				
Other financing uses	-	-	-	-
<hr/>				
Excess (deficiency) of revenues over expenditures	-	-	107,646	107,646
<hr/>				
Cash balance carryforward	-	-		
<hr/>				
Total	\$ -	-		
<hr/> <hr/>				

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
TITLE INSURANCE MAINTENANCE FUND
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Other financing sources	\$ -	-	-	-
Other	440,100	363,255	24,420	(338,835)
Total revenues	<u>440,100</u>	<u>363,255</u>	<u>24,420</u>	<u>(338,835)</u>
Expenditures				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	440,100	363,255	267,832	95,423
Total expenditures	<u>440,100</u>	<u>363,255</u>	<u>267,832</u>	<u>95,423</u>
Excess (deficiency) of revenues over expenditures	-	-	<u>(243,412)</u>	<u>(243,412)</u>
Cash balance carryforward	<u>-</u>	<u>-</u>		
Total	<u><u>\$ -</u></u>	<u><u>-</u></u>		

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
INSURANCE FRAUD FUND
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Insurance tax	\$ -	-	1,341,081	1,341,081
Other financing sources	-	-	-	-
Total revenues	-	-	1,341,081	1,341,081
Expenditures				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	1,366,900	1,366,900	1,161,020	205,880
Total expenditures	1,366,900	1,366,900	1,161,020	205,880
Excess (deficiency) of revenues over expenditures	(1,366,900)	(1,366,900)	<u>180,061</u>	<u>1,546,961</u>
Cash balance carryforward	<u>1,366,900</u>	<u>1,366,900</u>		
Total	\$ -	-		

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
REPRODUCTION FUND
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Printing & Reproduction	\$ 63,600	63,600	106,452	42,852
Expenditures				
Personnel services	-	-	-	-
Other financing uses	63,600	63,600	63,600	-
Excess (deficiency) of revenues over expenditures	-	-	42,852	42,852
Cash balance carryforward	-	-		
Total	\$ -	-		

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
FIREFIGHTERS USE FEE FUND
Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Other fees	\$ -	-	57,571	57,571
<hr/>				
Expenditures				
Other	-	-	-	-
<hr/>				
Excess (deficiency) of revenues over expenditures	-	-	57,571	57,571
<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, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues				
Other fees	\$ 1,026,400	1,026,400	1,151,034	124,634
Other sources	-	-	643,757	643,757
	<hr/>			
Total revenues	1,026,400	1,026,400	1,794,791	768,391
	<hr/>			
Expenditures				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Other financing uses	1,026,400	1,026,400	1,026,400	-
	<hr/>			
Total expenditures	1,026,400	1,026,400	1,026,400	-
	<hr/>			
Excess (deficiency) of revenues over expenditures	-	-	768,391	768,391
	<hr/>			
Cash balance carryforward	-	-		
	<hr/>			
Total	\$ -	-		
	<hr/> <hr/>			

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
AGENCY FUNDS
June 30, 2010**

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, 2010**

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)

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
COMBINING BALANCE SHEET -
ALL AGENCY FUNDS
June 30, 2010**

	Trust Funds With the Superintendent of Insurance	Motor Transportation	Fire Protection	Corporation Fees
ASSETS				
Interest in State Treasurer Investment Pool	\$ -	257,924	52,812,416	19,795
Cash in banks - ancillary receivership	1,575,316	-	-	-
Security deposits	437,443,705	-	-	-
Due from external parties	-	-	703,681	-
Due from other funds	-	-	1,444,455	-
Total assets	439,019,021	257,924	54,960,552	19,795
LIABILITIES				
Due to State General Fund	-	-	4,995,334	19,795
Due to other funds	-	15	-	-
Due to external parties	-	-	772,950	-
Due to other agencies	-	257,909	-	-
Undistributed receipts	-	-	6,021,400	-
Accounts payable	-	-	43,170,868	-
Deposits held in trust	439,019,021	-	-	-
Total liabilities	\$ 439,019,021	257,924	54,960,552	19,795

	Qwest Performance Assurance Plan	Franchise Tax	Pipeline Fees	Special Corporation Fees	Insurance Suspense	Fire Fighter Survivors	Total
\$	30,300	825	-	-	1,098,088	50,000	54,269,348
	-	-	-	-	-	-	1,575,316
	-	-	-	-	-	-	437,443,705
	-	-	-	-	-	-	703,681
	-	-	-	-	-	-	1,444,455
	30,300	825	-	-	1,098,088	50,000	495,436,505
	30,300	825	-	-	2,578,165	-	7,624,419
	-	-	-	-	1,444,456	-	1,444,471
	-	-	-	-	1,395,932	-	2,168,882
	-	-	-	-	933,345	-	1,191,254
	-	-	-	-	(5,253,810)	50,000	817,590
	-	-	-	-	-	-	43,170,868
	-	-	-	-	-	-	439,019,021
\$	30,300	825	-	-	1,098,088	50,000	495,436,505

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS
Year Ended June 30, 2010**

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
TRUST FUNDS WITH SUPERINTENDENT				
ASSETS				
Cash in banks - ancillary receivership	\$ 2,042,178	-	(466,862)	1,575,316
Security deposits	427,802,805	9,640,900	-	437,443,705
Total Assets	\$ 429,844,983	9,640,900	(466,862)	439,019,021
LIABILITIES				
Deposits held in trust	\$ 429,844,983	9,640,900	(466,862)	439,019,021
Total Liabilities	\$ 429,844,983	9,640,900	(466,862)	439,019,021

MOTOR TRANSPORTATION

ASSETS				
Interest in the State Treasurer Investment Pool	\$ 23,553	1,420,200	(1,185,829)	257,924
Due from other funds	-	-	-	-
Total Assets	\$ 23,553	1,420,200	(1,185,829)	257,924
LIABILITIES				
Due to other state agencies	\$ 23,553	1,420,200	(1,185,829)	257,924
Accounts payable	-	-	-	-
Undistributed receipts	-	-	-	-
Total Liabilities	\$ 23,553	1,420,200	(1,185,829)	257,924

FIRE PROTECTION

ASSETS				
Interest in the State Treasurer Investment Pool	\$ 67,755,530	260,380	(15,203,494)	52,812,416
Due from external parties	433,400	703,681	(433,400)	703,681
Due from other funds	2,616,752	-	(1,172,297)	1,444,455
Due from State General Fund	-	13,224,722	(13,224,722)	-
Total Assets	\$ 70,805,682	14,188,783	(30,033,913)	54,960,552
LIABILITIES				
Due to State General Fund	\$ 30,809,436	4,995,334	(30,809,436)	4,995,334
Due from other funds	4,767,280	772,950	(4,767,280)	772,950
Undistributed receipts	7,329,140	6,021,400	(7,329,140)	6,021,400
Accounts payable	27,899,826	43,170,868	(27,899,826)	43,170,868
Total Liabilities	\$ 70,805,682	54,960,552	(70,805,682)	54,960,552

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS (CONTINUED)
Year Ended June 30, 2010**

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
CORPORATION FEES				
ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ 29,205	2,791,595	(2,801,005)	19,795
Total Assets	<u>\$ 29,205</u>	<u>2,791,595</u>	<u>(2,801,005)</u>	<u>19,795</u>
LIABILITIES				
Due to State General Fund	\$ 29,205	2,791,595	(2,801,005)	19,795
Total Liabilities	<u>\$ 29,205</u>	<u>2,791,595</u>	<u>(2,801,005)</u>	<u>19,795</u>

QWEST PERFORMANCE ASSURANCE PLAN

ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ 30,000	300	-	30,300
Total Assets	<u>\$ 30,000</u>	<u>300</u>	<u>-</u>	<u>30,300</u>
LIABILITIES				
Due to State General Fund	\$ 30,000	300	-	30,300
Total Liabilities	<u>\$ 30,000</u>	<u>300</u>	<u>-</u>	<u>30,300</u>

FRANCHISE TAX

ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ 725	88,225	(88,125)	825
Total Assets	<u>\$ 725</u>	<u>88,225</u>	<u>(88,125)</u>	<u>825</u>
LIABILITIES				
Due to State General Fund	\$ 725	88,225	(88,125)	825
Total Liabilities	<u>\$ 725</u>	<u>88,225</u>	<u>(88,125)</u>	<u>825</u>

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS (CONTINUED)
Year Ended June 30, 2010

PIPELINE FEES	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ -	-	-	-
Total Assets	\$ -	-	-	-
LIABILITIES				
Due to State General Fund	\$ -	-	-	-
Total Liabilities	\$ -	-	-	-
SPECIAL CORPORATION FEES				
ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ 53	14,604,385	(14,604,438)	-
Total Assets	\$ 53	14,604,385	(14,604,438)	-
LIABILITIES				
Due to State General Fund	\$ 53	14,604,385	(14,604,438)	-
Total Liabilities	\$ 53	14,604,385	(14,604,438)	-
INSURANCE SUSPENSE				
ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ 10,468,403	231,672,293	(241,042,608)	1,098,088
Due from other funds	121,100	-	(121,100)	-
Total Assets	\$ 10,589,503	231,672,293	(241,163,708)	1,098,088
LIABILITIES				
Due to State General Fund	\$ 2,578,163	2	-	2,578,165
Due to other funds	2,616,752	-	(1,172,296)	1,444,456
Due to external parties	194,204	1,201,728	-	1,395,932
Due to other state agencies	5,200,384	933,345	(5,200,384)	933,345
Undistributed receipts	-	(5,253,810)	-	(5,253,810)
Total Liabilities	\$ 10,589,503	(3,118,735)	(6,372,680)	1,098,088

STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
COMBINING SCHEDULE OF CHANGES IN ASSETS
AND LIABILITIES - ALL AGENCY FUNDS (CONTINUED)
Year Ended June 30, 2010

FIREFIGHTERS' SURVIVOR	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
ASSETS				
Interest in the State Treasurer Investment				
Pool	\$ 50,000	-	-	50,000
Total Assets	\$ 50,000	-	-	50,000
LIABILITIES				
Undistributed receipts	\$ 50,000	-	-	50,000
Total Liabilities	\$ 50,000	-	-	50,000

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
SCHEDULE OF SPECIAL APPROPRIATIONS
Year Ended June 30, 2010**

	Current Year Revenue	Amount Appropriated	Current Year Expenditures	Project to Date Expenditures	Unexpended Portion	Unexpended and Reverted
General Fund Special Appropriations						
Laws of 2009, Chapter 124, Section 5 Public Regulation Commission	-	800,000	15,697	800,000	-	-
Chapter 124, Section 5 Public Regulation Commission	-	231,800	222,218	222,218	9,582	9,582
Bond Proceeds Appropriations						
Laws of 2008, Chapter 3, Section 5 Public Regulation Commission	173,093	200,000	173,094	197,182	2,818	-
Laws of 2009, Chapter 125, Section 7 Public Regulation Commission	-	-	-	-	-	-
Special Revenue Appropriations						
Laws of 2009 Chapter 124, Section 5 Public Regulation Commission	-	50,000	-	-	50,000	-

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

Federal Grantor/ Pass Through Grantor/ Program Title	Grant Number or Pass Through Number	Federal Catalog of Domestic Assistance Number	Total Federal Award Expenditures
U.S. Department of Transportation			
Direct programs			
Gas Pipeline Safety	DTPH56-09-G-PHPG29	20.700	\$ 294,065
Gas Pipeline Safety	DTPH56-10-G-PHPG29	20.700	265,337
Hazardous Liquid Pipeline Safety	DTPH56-09-G-PHPL12	20.700	19,275
Hazardous Liquid Pipeline Safety	DTPH56-10-G-PHPL12	20.700	<u>11,432</u>
			590,109
Gas Pipeline Safety (One-call)	DTPH56-10-G-PHPC21	20.721	<u>45,000</u>
Total U.S. Department of Transportation			<u>635,109</u>
U.S. Department of Energy			
Direct Programs			
State Electric Regulator's Assistance Award (ARRA)	DE-OE0000162	81.122	<u>16,985</u>
Pass through program from State of New Mexico, Energy, Minerals, and Natural Resources Department			
Waste Isolation Pilot Plant Enhancement of the State of New Mexico's Emergency Response Capability	DE-FC29-88AL53813	81.106	<u>207,110</u>
Total U.S. Department of Energy			<u>224,095</u>
U.S. Department of HUD			
Economic development Initiatives-Special Projects - Firefighters Training and Equipment	B-05-SP-NM-0183	14.251	<u>40,592</u>
Total U.S. Department of HUD			<u>40,592</u>
U. S. Department of Homeland Security			
State Fire Training Grants	EMW-2008-GR-0686 / 2009-RB-63-0133	97.043	<u>10,143</u>
Total U. S. Department of Homeland Security			<u>10,143</u>
Total expenditures of federal awards			<u><u>\$ 909,939</u></u>
Federal expenditures per above			\$ 909,939
Less adjustments to federal revenue related to prior year estimates			<u>(38,369)</u>
Grant revenue per financial statements			<u><u>\$ 871,570</u></u>

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

**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, 2010, and have issued our report thereon dated December 6, 2010. 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, 2010. 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 opinion 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.

A deficiency in internal control exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

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.

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the 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.

Mess Adams LLP

Albuquerque, New Mexico
December 6, 2010

**Report on Compliance with Requirements That Could Have a
Direct and Material Effect on Each Major Program and on
Internal Control Over Compliance
in Accordance With OMB Circular A-133**

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

Compliance

We have audited the compliance of New Mexico Public Regulation Commission (Commission) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Commission's major federal programs for the year ended June 30, 2010. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

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

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

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 09-03.

Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 09-03. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of the Commission's management, federal awarding agencies and pass-through entities, the New Mexico State Auditor's Office, Commission of Finance Administration, and Legislative Finance Committee and is not intended to be and should not be used by anyone other than those specified parties.

Mess Adams LLP

Albuquerque, New Mexico
December 6, 2010

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2010**

<u>Comment</u>	<u>Current Status</u>
02-03 Cash Receipts Deposits	Repeated and Modified
09-01 Approval of Per Diem and Mileage Reimbursement	Resolved
09-02 Pipeline Safety Program – Allowable Costs	Resolved
09-03 Pipeline Safety Program – Financial Status Reports	Repeated and Modified

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Non-compliance material to financial statements noted? X Yes _____ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) X Yes _____ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X Yes _____ No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.700	Pipeline Safety Program

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2010**

B. FINDINGS-FINANCIAL STATEMENT AUDIT

02-03 Cash Receipts Deposits

CONDITION

We performed walkthroughs of the cash receipts and deposits transaction cycle for all four divisions: Insurance, Transportation, Utility, and Corporation. During our walkthroughs we noted that deposits generally undergo the following process for all divisions: 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. We further noted deposits within the Insurance Division continue to not meet the 24-hour statutory deposit requirement as was the case in our walkthrough over this division.

CRITERIA

According to State Statute (59A-6-5(c) NMSA 1978), all money received by the Insurance, Transportation and Utility divisions must be deposited within twenty-four hours of receipt. The Transportation and Utility Divisions are covered by 6-10-3 NMSA 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. There is an increased risk of misstatement due to fraud or error.

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 QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2010**

B. FINDINGS-FINANCIAL STATEMENT AUDIT (CONTINUED)

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 seeks 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 acknowledges the failure to deposit all cash receipts within 24 hours due to the large volume of cash receipts received daily by the Insurance Division. The ASD Division has implemented a check and balance procedure in which each staff member responsible for depositing cash receipts must sign and validates each receipt, get signatures of their supervisors validating that all receipts are accounted for, therefore reducing the chances of missing receipts and fraud. The Commission is also moving forward in creating an automated online payment and registration system for the Corporations Bureau which is slated to be instituted in FY 12 and will eventually be instituted in all divisions receiving cash. The Commission is also providing more training to all staff in financial policies and procedures involved in cash receipt management. This training is ongoing throughout the year to ensure that all staff is kept apprised of any changes or additions to the financial policies in depositing cash receipts. The ASD Division will be implementing its own random audits of all divisions who deal with cash management to ensure that each division is complying with the financial policies set forth by the commission.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
PROGRAM AUDIT**

**09-03 Pipeline Safety Program – Progress Report and Mid-Term Financial Status
Report**

Funding agency: U.S. Department of Transportation
Title: Pipeline Safety Program – Damage Prevention
CFDA Number: 20.700

QUESTIONED COSTS - None

CONDITION

We noted during our inquiries, that the progress report and mid-term financial status reports were not filed on time.

CRITERIA

According to the grant agreement the program is required to submit progress reports and mid-term financial status report, no later than July 31, 2009. The grant agreement also states that a final financial status report should be submitted no later than March 31, 2010.

EFFECT

The program is not in compliance with the reporting requirement of grant agreement and this may impact future funding.

CAUSE

The program does not have a system in place to alert the staff to file the reports.

RECOMMENDATION

We recommend that a tickler system be implemented to alert the staff to prepare and submit the reports in time.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2010**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS
PROGRAM AUDIT (CONTINUED)**

**09-03 Pipeline Safety Program – Progress Report and Mid-Term Financial Status
Report (Continued)**

MANAGEMENT RESPONSE

The Commission through a federal financial audit done in October of 2009 acknowledges that the progress report and mid-term financial status reports were not filed on time. This grant was managed and controlled by the Pipeline Safety Bureau who did not comply with all federal reporting guidelines. Upon notification that the mid-term reports for the Damage Prevention Grant were not filed on time, the Pipeline Safety Bureau discontinued the damage prevention program for 2009. Thus the final financial status report which was due on March 31, 2010 was not completed and filed with the federal reporting agency. Upon the final report from the federal financial audit done in October 2009 the Budget and Finance Bureau of ASD mandated that all federal grant applications and grant reporting requirements be submitted to the ASD Finance Bureau for approval and verification. This process will ensure that all grants received by any division of the NMPRC are reported to ASD who will ensure that all federal program and financial reports are filed timely and accurately.

**STATE OF NEW MEXICO
PUBLIC REGULATION COMMISSION
EXIT CONFERENCE
Year Ended June 30, 2010**

An exit conference was held on December 7, 2010. Attending were the following:

Representing the Commission:

David King, Chairman of Commission
Juan Rios, ASD Director
Matthew Lovato, Chief Financial Officer
Ronny Lujan, Deputy Superintendent – Insurance Division
Rocke Johnson, Chief of Staff – Management Analysis
Larry Lujan, Transportation Director
Michael Rivera, Chief of Staff
Jason Montoya, Pipeline Bureau Chief
Jim Williamson, Chairman Executive Administrative Assistant

Representing Moss Adams LLP:

Larry Carmony
E. J. Lopez

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