

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

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

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STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Official Roster

Year Ended June 30, 2008

Administrative Officials

Veronica C. García, Ed.D.	Secretary of Education
Catherine Cross Maple, Ph.D.	Deputy Secretary, Learning & Accountability
Don Moya	Deputy Secretary, Finance & Operations
Sheila Hyde, Ph.D.	Assistant Secretary, Quality Assurance & Systems Integration
Carlos Martinez, Jr.	Assistant Secretary, Accountability & Assessment
Cynthia A. Marietta	Director, Administrative Services
Mary Rose C de Baca	Assistant Secretary, Educator Quality Support
Nancy Martine-Alonzo	Assistant Secretary, Indian Education
Robert Piro	Assistant Secretary, Chief Information Officer
Don Duran, Ed.D.	Assistant Secretary, Charter School Division
James Holloway, Ed.D.	Assistant Secretary, Rural Education
Gilbert Perea	Assistant Secretary, Program Support & Pupil Transportation
Patricia Parkinson, Ed.D.	Assistant Secretary, School & Instructional Support
Gary Beene	Director, Division of Vocational Rehabilitation
Sherry Garcia	Deputy Director, Division of Vocational Rehabilitation
Gloria J. Gonzales	Chief Financial Officer, Division of Vocation Rehabilitation

Public Education Commission

M. Andrew Garrison	Commissioner	Albuquerque	District 1
Millie Pogna	Secretary	Albuquerque	District 2
Kathryn E. Krivitzky	Commissioner	Albuquerque	District 3
Aileen Garcia	Commissioner	Santa Fe	District 4
Mavis V. Price	Commissioner	Thoreau	District 5
Catherine M. Smith	Vice Chair	Mimbres	District 6
Eugene E. Gant	Commissioner	Las Cruces	District 7
Nancy R. Bowles	Commissioner	Roswell	District 8
Dennis J. Roch	Chairperson	Tucumcari	District 9
Midge Y. Graham	Commissioner	Des Moines	District 10

# INDEPENDENT AUDITORS' REPORT

State of New Mexico  
Public Education Department  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

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

Except as discussed in the following paragraph, 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 and the individual fund financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The Department has not determined the transactions or events that have created a deficit fund balance in fund 84400. This is a result of lacking evidence to adequately support the factors involved in the fund balance deficit.

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State of New Mexico  
Public Education Department  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major funds and aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the respective State of New Mexico as of June 30, 2008, and the respective changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the lack of supporting information as might have been necessary had we been able to examine evidence regarding the deficit fund balance, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information of the Department as of June 30, 2008, and the respective changes in financial position, and the budget comparisons for the general fund and major special revenue funds thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund and fiduciary fund of the Department as of June 30, 2008, and the respective changes in the financial position thereof, and the respective budget comparisons presented as supplementary information for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2008, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

State of New Mexico  
Public Education Department  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

Our audit was conducted for the purpose of forming opinions on the basic financial statements, on the individual fund financial statements and on the budgetary comparisons of the Department. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Supplemental Information (Statements of Net Assets and Activities for the Public Education Department and for the Division of Vocational Rehabilitation/ Disability Determination Service; Schedule of Changes in Assets and Liabilities for the Agency Fund; Supplemental Schedule of Cash and Cash Equivalents) is presented for purposes of additional analysis and is not a required part of the basic financial statements and the individual fund financial statements of the Department. Such schedules and such supplemental information and additional information have been subjected to the auditing procedures applied in the audit of the financial statements and the individual fund financial statements and, in our opinion, are fairly stated in all material respects, in relation to the financial statements of each of the respective individual funds taken as a whole.

*Meyers + Company, LLC*

December 8, 2008



**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

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

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The following management's discussion and analysis (MD&A) provides an overview of the State of New Mexico Public Education Department (Department) financial activities for the fiscal year ended June 30, 2008. The MD&A is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Department's financial activity, (c) identify changes in the Department's financial position, (d) identify any material deviations from the financial plan (the approved budget) and (e) identify any financial issues or concerns. Please read it in conjunction with the Department's financial statements, which begin following this analysis.

**Department Highlights**

The Department is made up of two distinct appropriated entities: the Public Education Department and the Division of Vocational Rehabilitation. The Public Education Department (PED) provides leadership at the state and department levels in meeting the needs of and requirements for education in New Mexico. This includes providing assistance and direction to local school districts, local boards of education and other educational entities.

The Division of Vocational Rehabilitation (DVR) is responsible for the administration and provision of all DVR programs and services through seven area and thirteen satellite offices statewide.

In September 2003, New Mexico voters approved a constitutional amendment changing the nature of the Department. The 15-member State Board of Education was replaced by the elected 10-member Public Education Commission, whose authority and duties were defined by laws enacted by the New Mexico State Legislature during the 2004 Regular Session. The Superintendent of Public Instruction, appointed by the State Board of Education, was replaced by the Secretary of Public Education, a cabinet secretary appointed by the governor and confirmed by the New Mexico Senate. The State Public Education Department was replaced by the Public Education Department as a cabinet-level department of the executive branch of government.

Another constitutional amendment, also approved by the voters in September 2003, increased the distribution from the State Land Grant Permanent Fund to be used to implement and maintain educational reforms passed by the state legislature.

**Using this Annual Report**

The Department's Basic Financial Statements (BFS) are presented in four parts, in the following order:

1. Department-wide Financial Statements,
2. Fund Financial Statements,
3. Budgetary Comparison Statements, and
4. Notes to the Basic Financial Statements.

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

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**Using this Annual Report - continued**

**Department-wide Financial Statements.** The department-wide financial statements include the first two financial statements: the Statement of Net Assets and the Statement of Activities. These statements report information on all of the financial activities and resources of the Department as a whole except for information applicable to fiduciary activities. Fiduciary activities represent funds held in trust for others. These funds are not included in the resources available to support the Department's governmental activities. Governmental activities are financed by general revenue appropriations and state and federal grants.

The Department-wide Statement of Net Assets reports the assets of the Department and the corresponding claims and liabilities against those assets at June 30, 2008. The difference between the value of the assets and the liabilities is reflected as the value of the net assets. Increases or decreases in net assets measure whether the financial position of the Department improved or deteriorated. Net assets legally limited to a particular use are reported as restricted. Unrestricted net assets are assets that can be used to fund operating expenses in future years. A deficit (negative) balance in unrestricted net assets would indicate that obligations incurred in the current and prior periods exceed the value of assets currently available, and that the assets of future periods will be required to meet the established obligations.

The Department-wide Statement of Activities reports the educational and educational-related expenses and the cost of general government operations of the Department, with a comparison of the program revenues obtained to finance them, and the general revenues made available to fund the difference. The statement also reports the change in net assets during the 2008 fiscal year.

The Department's activities are grouped into the functional programs. The Education activities are funded from federal revenues provided primarily by the U.S. Department of Education. Health and Welfare activities are vocational rehabilitation programs and the Disability Determination Services program, both administered by DVR.

**Fund Financial Statements.** The fund financial statements that follow the department-wide financial statements report on the financial position and changes in financial position of the individual funds used by the Department. Funds are separate accounting entities used in government accounting to segregate transactions according to the sources of funding and to demonstrate legal compliance with the restrictions that may be imposed on those financial resources. The Department uses two types of funds to account for its financial activities: governmental funds and fiduciary funds.

**Governmental Funds**

Governmental funds are used to account for the finances of the governmental activities reported in the department-wide financial statements. The Department uses two types of governmental funds: a general fund to account for activities not required to be accounted for in other funds, and special revenue funds to account for collection and expenditure of earmarked and restricted fund resources (Note 1).

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

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**Using this Annual Report - continued**

**Fund Financial Statements - continued**

Fiduciary Funds

Fiduciary funds are used to account for resources the Department holds for others. The Department uses three fiduciary funds. The **agency fund** is used to accumulate driver safety fees that are to be distributed to each school for the purpose of providing defensive driving instructions. The **private-purpose trusts** are used to report arrangements under which principal of donations invested or interest earned on investments benefit specific individuals. The **Eva Lou Scholarship fund** benefits “deserving boys and girls”, and the Tutor Scholarship is used to account for donations to be used to fund scholarships for academically successful students who tutor at-risk high school students. The finances of these funds are reported in a separate Statement of Fiduciary Net Assets. The resources of these funds are excluded from the department-wide financial statements because they cannot be used to finance the Department’s operations.

**Reconciliation of Department-wide Financial Statements to Fund Financial Statements.** Differences in amounts reported in the department-wide financial statements versus the fund financial statements result from the different measurement focus and basis of accounting used. The measurement focus used for governmental funds is based on budgetary control and the flow of resources in the current year. As an example, capital purchases are treated as expenditures of the current year. Department-wide financial statements reflect such transactions as allocations over the time of use in the form of depreciation. A reconciliation of differences between department-wide and fund financial statements is provided in separate schedules that detail the differences in accounting treatment.

**Budgetary Comparisons.** The budgetary comparison statements furnish a budget-to-actual comparison for all governmental funds to report compliance with the approved budget. The budget amounts reported are those in the original budget and in the amended budget, which reflects all legal adjustments made to the budget since the start of the fiscal year. The budgetary actual amounts are stated on the same basis as the budget figures.

**Notes to the Financial Statements.** The notes to the financial statements provide detailed information to support and explain key financial information presented in the department-wide and fund financial statements. The notes provide information on the activities of the Department, on the bases of accounting used, and on accounting policies reflected in the financial statements, in addition to clarifying key financial information. They are integral to understanding the financial statements.

**Supplemental and Supplementary Information.** Supplemental information is provided to report the combining financial statements of non-major funds and fiduciary funds, to report the change in assets and liabilities of the agency fund, and to report the details of federal grant awards and expenditures. The information is provided in compliance with federal and state reporting requirements.

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

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

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**Using this Annual Report - continued**

**Supplemental and Supplementary Information - continued.** Since the Department is composed of two distinct entities, a separate discussion and analysis section is being presented for both the Public Education Department and the Division of Vocational Rehabilitation, following the department-wide discussion and analysis.

**Financial Highlights**

**Public Education Department**

- The Department has 13 major funds. The General fund (05700) accounts for administration of PED, not including DVR or federal administrative costs. DVR's administrative costs are reported in the Vocational Rehabilitation fund (50000) and the Disability Determination Services fund (50100). PED's federal administrative costs are reported in the Federal Department of Education Administration fund (84400). The other funds are primarily pass-through funds and are described in more detail in the financial statements footnotes beginning on page 45.
- The Department's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. We exclude these activities from the Department's other financial statements because the Department cannot use these assets to finance its operations. The Department is responsible for ensuring that the assets reported in these funds are used for their intended purposes.
- There is a deficit fund balance in the Federal Department of Education Administration Fund (84400) of \$5.7 million. Prior to 2004, federal administrative revenues and expenditures were recorded in the General Operating Fund, 05700. Beginning in 2004, the Department created a new fund, 84400, to separately track federal administrative funds. Federal revenues and receivables were not properly reconciled for a number of years in Fund 05700. In 2005, the Department reconciled the ending federal receivable amounts in Funds 05700 and 84400, and then transferred the remaining balances in 05700 to 84400. The \$1,051,954 of the deficit fund balance is an amount that the Department was not able to identify as either write-offs of prior year receivables, or prior year expenditures for which revenues have not been accrued. The Department plans to work towards adjusting the general ledger by either requesting a supplemental appropriation or identifying other funding sources to eliminate the fund deficit.
- In the Public School Support Flowthrough fund (85800), there was a change in fund balance of \$6,963,801 between FY 07 and FY 08.
- Bond proceeds reported in the capital project funds (63400, 63500, 81600 and 81800) increased over \$9.5 million from prior year in the aggregate. This was due to an increase in appropriation to fund public school capital projects.

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

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

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**Financial Highlights – continued**

**Public Education Department - continued**

- Special projects (79000) reported an increase in fund balance of approximately \$4.8 million between FY 07 and FY 08. The Fund 79000 fund balance did not exceed appropriations.

**Division of Vocational Rehabilitation**

- DVR has two major funds. The Vocational Rehabilitation fund receives the majority of its funding from federal grants that require state matching funds. The other fund is the Disability Determination Services fund, which receives all of its funding from a federal grant that does not require a state match.
- The Vocational Rehabilitation fund showed an excess of revenues over expenditures, resulting in an increase in fund balance of \$207,723 when accounted for on a GAAP basis.
- The Disability Determination Services fund showed an excess of expenditures over revenues, resulting in a decrease in fund balance of \$845,614 when accounted for on a GAAP basis.
- Both funds operated in compliance with their budgetary authority for the year.
- DVR capital assets decreased by \$170,680, which was a net effect of depreciation expense of \$170,680, capital purchases of \$0, fully depreciated capital deletions of \$255,514.
- Administration – The DVR program is a joint effort of the federal and state governments to assist people with disabilities, as a function of the Rehabilitation Act of 1973, as amended, the Technology-Related Assistance for Individuals with Disabilities Act of 1988, as amended, and the Social Security Act, as amended. The New Mexico DVR is a Division of the New Mexico Public Education Department and is responsible for a variety of services for people with disabilities. DVR has served New Mexicans with disabilities for 84 years (1923 – 2008).

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

**Financial Analysis of the Department as a Whole**

**Net Assets**

The Department's net assets at June 30, 2008 were \$95 million. Table A-1 summarizes the Department's net assets for the fiscal year ended June 30, 2008.

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

	(Dollars in Thousands)			
	June 30, 2008			June 30, 2007
	PED	DVR	Department	Department
Current assets	\$ 263,146	8,470	271,616	323,269
Capital assets, net (restated)	229	270	499	1,106
<b>Total assets</b>	<b>\$ 263,375</b>	<b>8,470</b>	<b>272,115</b>	<b>324,375</b>
Liabilities	<b>\$ 167,819</b>	<b>4,669</b>	<b>172,488</b>	<b>276,504</b>
Net Assets:				
Invested in capital assets, net of related debt (restated)	\$ 229	270	499	1,106
Restricted	63,799	185	63,984	42,274
Unrestricted	31,528	3,615	35,143	4,491
<b>Total net assets</b>	<b>\$ 95,556</b>	<b>4,070</b>	<b>99,626</b>	<b>47,871</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

**Financial Highlights** – continued

**Changes in Net Assets**

Table A-2 summarizes the Department's changes in net assets for fiscal year 2008.

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

	<u>(Dollars in Thousands)</u>			
	<u>June 30, 2008</u>	<u>June 30, 2007</u>		
	<u>PED</u>	<u>DVR</u>	<u>Department</u>	<u>Department</u>
<u>Program Revenue Grants</u>	\$ 381,945	33,692	416,637	378,994
<u>General Revenues</u>				
State appropriations	2,516,125	7,599	2,523,724	2,386,943
Inter-agency transfers	850	-	850	-
Reversions	(5,904)	-	(5,904)	-
Proceeds of State General obligations and severance tax bonds	33,264	-	33,264	22,265
<b>Total revenues</b>	<u>2,926,280</u>	<u>42,291</u>	<u>2,968,571</u>	<u>2,788,202</u>
<u>Expenses</u>				
Health and Welfare	-	41,446	41,446	40,363
Education	2,968,578	-	2,968,578	2,757,148
<b>Total expenses</b>	<u>2,968,578</u>	<u>41,446</u>	<u>3,010,024</u>	<u>2,797,511</u>
<b>Change in net assets</b>	<b>(42,298)</b>	<b>845</b>	<b>(41,453)</b>	<b>(9,309)</b>
<u>Net assets</u>				
Beginning of year, restated	<u>137,853</u>	<u>3,227</u>	<u>141,080</u>	<u>57,180</u>
<b>End of year</b>	<u>\$ 95,535</u>	<u>4,072</u>	<u>99,627</u>	<u>47,871</u>

The decrease in net assets of \$42 million is primarily attributable to a decrease of \$43 million in PED net assets due to a decrease in specific purpose fund appropriations. DVR's change in net assets increased \$1 million between years. The increase is primarily attributable to the change from the cash basis of accounting to

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

**Financial Highlights – continued**

**Changes in Net Assets - continued**

the accrual basis of accounting as is required by state law. Most of the remaining funds are included in restricted net assets at year-end because the funds are restricted for a specific purpose according to enabling legislature. Most of the Department's funding passes through to the schools. Administrative costs are approximately 1.5% of the Department's total expenditures. Education continues to be a priority of the state and the Department's operations are adequately supported by state and federal resources.

**Changes in Capital Assets**

There was no significant capital asset activity during fiscal year 2008.

	(Dollars in Thousands)			
	June 30, 2008		June 30, 2007	
	PED	DVR	Department	Department
Equipment and machinery	\$ 3,752	3,140	6,892	7,112
Accumulated depreciation	<u>(3,523)</u>	<u>(2,870)</u>	<u>(6,393)</u>	<u>(6,006)</u>
<b>Total capital assets, net</b>	<b>\$ 229</b>	<b>270</b>	<b>499</b>	<b>1,106</b>

Capital Assets for the Department are presented in Note 5 to the financial statements to illustrate changes from the prior year.

**Reporting the Department's Most Significant Funds**

The Department's two kinds of funds are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and description of each existing fund type follow:

**Governmental funds.** Governmental funds are used to account for the Department's general government activities, including the collection and disbursement of specific or legally restricted monies. Governmental funds include:

- General fund – The primary operating fund of the Department accounts for all financial resources, except those required to be accounted for in other funds.
- Special revenue funds – These account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.



STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

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**Reporting the Department's Most Significant Funds - continued**

**Fiduciary funds.** Fiduciary funds account for assets held by the Department in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Department.

- Private purpose trust funds – These funds are used to account for trust arrangements under which principal or interest benefit specific individuals or organizations, but not the reporting government.
- Agency funds – These are used to account for assets held on behalf of individuals, private organizations, other government and/or other funds.

**Budgetary Highlights**

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

Over the course of the year, the Department adjusts its budget as authorized in the Appropriations Act. These budget adjustments allow the Department to utilize funds where needed. Budget adjustment requests were generally for increases in Federal Grants.

Changes between the original and final budgets occurred for the following funds: Fund 67400 – Vocational Education Flowthrough, \$901 thousand for additional budget authority for prior year claims; and Fund 84400 – Federal Department of Education Administration, an increase of \$18.4 million for grants not included in the original budget and administrative carry over.

DVR budgetary statements are shown on page 34 for the Vocational Rehabilitation fund and on page 35 for the Disability Determination Services fund. The total budget for the Vocational Rehabilitation fund increased from \$32,906,675 to \$34,918,799 during the year. This net increase of \$2,012,124 is the result of new grants and grant carryover from the prior fiscal year. The Vocational Rehabilitation fund had revenues in deficit of budgeted revenues of \$57,293 and unspent budgeted expenditures of \$4,089,896 in state fiscal year 2008. These amounts are almost entirely the result of the accrual basis of accounting; revenue from the prior year being realized in the current year; and the budget being established on a cash basis. Budgeted expenditures are estimated and a request is established a year in advance, based on revenue projections and historical data. Therefore, the total amount budgeted does not always materialize. The majority of these unused grants can be utilized in the 2009 state fiscal year.

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

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**Budgetary Highlights - continued**

DVR's total expenditures by category on a budgetary basis are shown below:

	<u>FY 08</u>
Purchase of services for clients	\$ 16,237,629
Personal services	18,928,860
Contracted professional services	697,277
Other costs	<u>5,251,281</u>
Total	\$ <u>41,115,047</u>

**Economic and Budgetary Factors**

**National and State Economy.** It is now expected that late FY 08 will be the peak of the increase in both oil and natural gas prices, followed by sharp drops. FY 09 oil prices in New Mexico are expected to average \$69 per barrel and natural gas prices to average \$6.05 per MCF, but these averages mask the decline expected during the remainder of FY 09.

Gross Receipts Tax (GRT) collections posted a growth of only 0.4% for FY 08, the lowest growth rate in over two decades.

**Budget.** For FY 08, the Legislature appropriated approximately \$2.491 billion in public school support, an increase of approximately \$197.8 million, or 8.6 percent over the FY 07 appropriation. The FY 08 Program Cost, which is more than \$2.3 billion, funds enrollment growth and insurance premium increase, as well as the following initiatives:

- Full funding of fixed costs, such as utility charges;
- Mandatory 5.0 percent salary increase for all school employees;
- An additional mandatory average 2.0 percent salary increase for professional instructional support providers with salaries below \$60,000 a year, as well as for principals and assistant principals;
- The \$50,000 minimum salary for Level-3 teachers to implement the fifth and final year of the phase-in of the three-tiered licensure system; and
- \$8.0 million for elementary physical education programs for students in kindergarten through sixth grade in eligible schools, included for the first time within the Public School Funding Formula.

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

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**Economic and Budgetary Factors - continued**

**Budget - continued.**

Additional public education-related appropriations in “HB 2 Junior” for a variety of programs, total \$9.3 million, of which \$6.0 million was for the following PED programs: prekindergarten (\$2.0 million); breakfast for elementary students (\$2.0 million) and after-school enrichment (\$2.0 million).

Other operational funding in the General Appropriation Act provided more than \$158.2 million for categorical public school support, including public school transportation, supplemental distributions, instructional materials, educational technology and schools in need of improvement. Additionally, the Act provided approximately \$46 million in recurring related appropriations.

Total non-recurring related appropriations were \$12.4 million, of which \$6.3 million was for supplemental support for school districts experiencing operational shortfalls and \$1.0 million was for Regional Educational Cooperatives operations.

**Future Events That Will Financially Impact the Department - continued**

During the 2008 legislative session, Governor Richardson’s budget priority of *Making Schools Work* continued.

Every New Mexico child deserves a world-class education. Thus, the administration priorities included expanding the PreK-20 education system focused on raising the level of excellence for all students by closing the student achievement gap that exists among the diverse student populations within New Mexico and between New Mexico students and those students in other states and countries. One Administration goal for *Making Schools Work* is to prepare all New Mexico students to succeed in a complex world by providing a world-class PreK-20 education system.

In FY 09, the Legislature appropriated approximately \$2.6 billion in public school support and related recurring appropriations. Included in this amount are FY 09 statewide program costs of approximately \$2.4 billion.

**Cottonwood Classical Preparatory School**

The mission of Cottonwood Classical Preparatory School is to develop highly skilled learning activists who, through a broad knowledge base, can analyze, synthesize and evaluate new information. Students will receive the same or higher standard of education offered by the most academically distinguished public or private schools in New Mexico. Cottonwood Classical Preparatory School graduates will be prepared to enter and thrive at the world’s finest colleges and universities and will also become driving forces in their local, regional, national and global community. Students will be prepared for a fluid and dynamic 21<sup>st</sup> century workforce where cultural differences are studied, respected, and valued. Cottonwood Classical Preparatory School students will demonstrate social responsibility and integrity through active community involvement and service learning

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

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

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**Cottonwood Classical Preparatory School - continued**

opportunities. Students will be well versed in communicating through reading, speaking, writing, and listening with diverse audiences. In essence, Cottonwood Classical Preparatory School students will learn "how to learn," thus enabling them to transfer any skills or knowledge into a post-secondary setting and ultimately the global marketplace.

Cottonwood Classical Preparatory School began its school operations in August 2008. The school opened with 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> grades. A lottery was used in accordance with state law in selecting students wishing to attend. The school filled all grade levels and maintained a student waiting list of approximately 200 students. The school will phase in additional grades in the coming years.

The 2008 fiscal year was the Cottonwood Classical Preparatory School's planning year after receiving approval to open as a state authorized chartered school from the Secretary of Education and Public Education Commission. Upon approval of the school's charter, Federal Stimulus and State Stimulus grants were awarded to the school. Purchase orders were issued in the last months of fiscal year 2008 and some goods and services were received. However, no cash from the grants was received prior to the 2009 fiscal year. The financial reports reflect this with recognition of accounts receivable, accounts payable, revenue and expenditures. The amount of this activity was minimal for the fiscal year 2008.

Total assets as of June 30, 2008 reflect a balance of \$22,760. As previously stated the school commenced planning operations in the latter part of the fiscal year. Items ordered by the school did not meet the \$5,000 state capitalization threshold.

Total liabilities as of June 30, 2008 reflect a balance of \$22,760. The school issued purchase orders and received goods and services but did not pay the invoiced amount until grant funds were received in July 2009.

**Media Arts Collaborative Charter School**

• **Brief Discussion**

The Media Arts Collaborative Charter School (MACCS) provides a high school education through a holistic approach that blends media arts with responsibility and integrity in an inclusive and diverse academic environment.

MACCS provides an integrated, inclusive curriculum through hands on experiential learning that satisfies New Mexico standards for graduation from secondary schools. We seek to prepare students for an education in the media arts at the university and community college level, as well as to prepare all students to understand the role of media arts in the world and how people's lives are affected by them. Our mission stems from the need to provide an education that recognizes the extensive influence the media has on our children and society.

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

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**Media Arts Collaborative Charter School - continued**

• **Total Assets**

Media Arts Collaborative Charter School did not purchase any capital assets during FY2008. The school's net cash at year end was \$58,3675.

• **Total Liabilities**

Media Arts Collaborative Charter School did not have any liabilities at year end of FY2008.

• **Total Net Assets**

Media Arts Collaborative Charter School had total net assets of \$58,367 at year end. All assets were in cash.

• **Program Revenues**

Media Arts Collaborative Charter School received a total of \$60,000 from the State Stimulus Grant. Interest was also earned on this in the amount of \$49. MACCS also received \$89,066 from the Federal Charter School Grant.

• **General Revenues**

Media Arts Collaborative Charter School did not serve any students during FY2008 and, therefore, the school did not receive any General Funds for the year.

• **Total Revenues**

Media Arts Collaborative Charter School received a total of \$149,735 in revenue for FY2008. The revenue came from State and Federal grants, as well as some interest and private donations.

• **Contributions**

Media Arts Collaborative Charter School received \$620 in private contributions in order to establish a bank account for the school.

• **Analysis of the Overall Financial Position and Results of Operations**

The Media Arts Collaborative Charter School "MACCS" is the first state approved charter school in New Mexico. During the 2007-2008 school year, MACCS did not have any students but received funds for the planning year. Fiscal activity was very minimal with expenses not starting until April 2008. The school received funds from the Federal Charter School Grant, State Stimulus Grant and small private contributions which paid for rent of an office space, student recruitment and advertising and miscellaneous administrative supplies and expenses. Overall revenue exceeded expenditures by \$58,366. The school has approximately \$668,632 to spend of the State and Federal grants in FY2009 and it will begin to receive revenue from the General Fund or SEG.

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

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**Requests for Information**

The Public Education Department's Administrative Services Division compiled this analysis. Please refer any questions to Cynthia A. Marietta, Administrative Services Director, at (505) 827-6621.

The mailing address is: New Mexico Public Education Department, Administrative Services Division, Education Building, 300 Don Gaspar, Room 228, Santa Fe, New Mexico 87501-2786.

**BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Statement of Net Assets**

**AS OF JUNE 30, 2008**

<b>ASSETS:</b>	<u><b>Governmental Activities</b></u>	<u><b>Component Units</b></u>
<b>CURRENT ASSETS:</b>		
Cash	\$ -	58,367
Investment in State General Fund		
Investment Pool	153,336,078	-
Due from other governments	112,000,773	22,760
Due from external parties	5,542,531	-
Advances to local education agencies	717,588	-
Prepaid expenses	<u>22,393</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>	<b>271,619,363</b>	<b>81,127</b>
<b>NON-CURRENT ASSETS:</b>		
Capital assets	6,892,460	-
Less: accumulated depreciation	<u>(6,393,680)</u>	<u>-</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u><b>498,780</b></u>	<u><b>-</b></u>
<b>TOTAL ASSETS</b>	<b>\$ <u>272,118,143</u></b>	<b><u>81,127</u></b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 75,660,232	22,760
Accrued payroll and taxes	3,177,762	-
Deferred revenue	741,026	-
Due to State Treasurer's Office - overdraft	74,090,649	-
Due to other governments	9,456,367	-
Due to local education authorities	7,637,413	-
Other liabilities	-	-
Compensated absences payable	<u>1,727,957</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>172,491,406</b>	<b>22,760</b>
<b>NET ASSETS:</b>		
Invested in capital assets (restated, note 5)	498,780	-
Restricted	43,150,111	-
Unrestricted	<u>55,977,846</u>	<u>58,367</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>99,626,737</u></b>	<b><u>58,367</u></b>



**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Statement of Activities**

**YEAR ENDED JUNE 30, 2008**

	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
<b>GOVERNMENTAL ACTIVITIES:</b>			
Education	\$ 2,968,577,952	381,944,617	(2,586,633,335)
Health and welfare	<u>41,445,902</u>	<u>34,691,657</u>	<u>(6,754,245)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>3,010,023,854</u></b>	<b><u>416,636,274</u></b>	<b>(2,593,387,580)</b>
<b>GENERAL REVENUES:</b>			
Bond proceeds appropriations			<u>33,264,270</u>
<b>TRANSFERS</b>			
State appropriations			2,523,723,719
Inter-agency transfers			850,000
State General fund reversions			<u>(5,903,833)</u>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>			<b><u>2,518,669,886</u></b>
<b>CHANGE IN NET ASSETS</b>			<b>(41,453,424)</b>
<b>NET ASSETS, BEGINNING OF FISCAL YEAR</b>			<u>47,871,069</u>
<b>RESTATEMENTS (Note19)</b>			<u>93,209,092</u>
<b>NET ASSETS, BEGINNING OF FISCAL YEAR - Restated</b>			<u>141,080,161</u>
<b>NET ASSETS, END OF FISCAL YEAR</b>		<b>\$</b>	<b><u>99,626,737</u></b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statement of Activities - continued

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YEAR ENDED JUNE 30, 2008

	<u>Component Units</u>
<b>GOVERNMENTAL ACTIVITIES:</b>	
Education	\$ 114,128
Health and welfare	<u>-</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	114,128
<b>OPERATING GRANTS AND CONTRIBUTIONS</b>	
Grants	171,826
Contributions and donations	<u>620</u>
<b>TOTAL OPERATING GRANTS AND CONTRIBUTIONS</b>	<u>172,446</u>
<b>GENERAL REVENUES:</b>	
Interest income	<u>49</u>
<b>TOTAL GENERAL REVENUES</b>	<u>49</u>
<b>CHANGE IN NET ASSETS</b>	58,367
<b>NET ASSETS, BEGINNING OF FISCAL YEAR</b>	<u>-</u>
<b>NET ASSETS, END OF FISCAL YEAR</b>	\$ <u><u>58,367</u></u>

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Combining Statement of Net Assets - Component Units**

**AS OF JUNE 30, 2008**

<b>ASSETS:</b>	<b>Media Arts</b>	<b>Cottonwood Classic</b>	<b>Total</b>
<b>CURRENT ASSETS:</b>			
Cash	\$ 58,367	-	58,367
Due from other governments	-	22,760	22,760
<b>TOTAL CURRENT ASSETS</b>	58,367	22,760	81,127
<b>NON-CURRENT ASSETS:</b>			
Capital assets	-	-	-
Less: accumulated depreciation	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	-	-	-
<b>TOTAL ASSETS</b>	\$ 58,367	22,760	81,127
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ -	22,760	22,760
<b>TOTAL CURRENT LIABILITIES</b>	-	22,760	22,760
<b>NET ASSETS:</b>			
Unrestricted	58,367	-	58,367
<b>TOTAL NET ASSETS</b>	\$ 58,367	-	58,367

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Combining Statement of Revenues, Expenses  
and Changes in Net Assets - Component Units**

**AS OF JUNE 30, 2008**

	<b>Media Arts</b>	<b>Cottonwood Classic</b>	<b>Total</b>
<b>OPERATING REVENUE:</b>			
Grants	\$ 149,066	22,760	171,826
Contributions and donations	620	-	620
Investment income	49	-	49
<b>TOTAL OPERATING REVENUE</b>	149,735	22,760	172,495
<b>OPERATING EXPENSES:</b>			
Administrative	21,342	-	21,342
Advertising	43,026	22,444	65,470
Lease	27,000		27,000
Other	-	316	316
<b>TOTAL OPERATING EXPENSES</b>	91,368	22,760	114,128
<b>NET OPERATING INCOME (LOSS)</b>	58,367	-	58,367
<b>INCREASE (DECREASE) IN NET ASSETS</b>	58,367	-	58,367
<b>NET ASSETS, BEGINNING OF YEAR</b>	-	-	-
<b>NET ASSETS, END OF YEAR</b>	\$ 58,367	-	58,367

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Combining Statement of Cash Flows -  
Component Units

AS OF JUNE 30, 2008

**RECONCILIATION OF CHANGE IN NET ASSETS  
TO NET CASH (USED IN) PROVIDED BY  
OPERATING ACTIVITIES:**

	<u>Media Arts</u>	<u>Cottonwood Classic</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Changes in net assets	\$ 58,367	-	58,367
<b>ADJUSTMENT TO RECONCILE CHANGES IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
( Increase) decrease in accounts receivable		(22,760)	
Increase (decrease) in accounts payable	-	22,760	22,760
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>58,367</u>	<u>-</u>	<u>58,367</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	58,367	-	58,367
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ <u>58,367</u>	<u>-</u>	<u>58,367</u>

AS OF JUNE 30, 2008	05700	50000	50100	67200	67300	67400
	<u>PED General Fund</u>	<u>Division of Vocational Rehabilitation</u>	<u>Disability Determination Services</u>	<u>Federal School Food Services Flowthrough</u>	<u>Federal Dept. of Education Flowthrough</u>	<u>Vocational Education Flowthrough</u>
<b>ASSETS:</b>						
Investment in State General Fund						
Investment Pool	\$ 2,501,975	3,312,543	-	-	-	1,095,269
Federal grants receivable	-	1,731,291	1,891,262	22,461,821	76,282,537	-
Due from state general fund	-	-	-	-	-	-
Due from other state agencies	421,546	561,943	2,746	-	-	-
Due from local education authorities	-	-	-	-	-	-
Due from external miscellaneous parties	12,053	94,549	-	80,419	5,500	-
Due from State Board of Finance	-	-	-	-	-	-
Due from other funds	759,089	227	-	51,157	-	315,446
Prepaid expenses	1,822	11,056	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,696,485</b>	<b>5,711,609</b>	<b>1,894,008</b>	<b>22,593,397</b>	<b>76,288,037</b>	<b>1,410,715</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>LIABILITIES:</b>						
State warrants	\$ 1,503	-	-	-	54,179	2,449
Accounts payable	881,274	1,199,051	645,393	11,510,800	34,649,979	3,747,172
Accrued payroll and taxes	1,949,627	267,044	436,828	-	-	-
Due to State Treasurer's Office - overdraft	-	-	154,238	21,580,160	41,554,843	-
Due to state general fund	297,555	-	-	-	-	-
Due to other state agencies	110,655	254,132	99,135	-	207,503	-
Due to federal government	5,101	-	-	632,341	1,316,493	1,552,833
Due to local education authorities	-	-	-	-	4,275,038	21,579
Deferred revenue	-	66,851	-	-	-	-
Due to other funds	389,867	-	-	-	366,603	-
Other liabilities	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>3,635,582</b>	<b>1,787,078</b>	<b>1,335,594</b>	<b>33,723,301</b>	<b>82,424,638</b>	<b>5,324,033</b>
<b>FUND BALANCES:</b>						
Reserved						
Unreserved	60,903	3,924,531	558,414	(11,129,904)	(6,136,601)	(3,913,318)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>60,903</b>	<b>3,924,531</b>	<b>558,414</b>	<b>(11,129,904)</b>	<b>(6,136,601)</b>	<b>(3,913,318)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,696,485</b>	<b>5,711,609</b>	<b>1,894,008</b>	<b>22,593,397</b>	<b>76,288,037</b>	<b>1,410,715</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Balance Sheet - Governmental Funds

79000	84400	85800	63400	63500	81600	81800	Other	Total
Special Projects	Federal Dept. of Education Administration	Public School Support Flowthrough	Public School Capital Improvements	Public School Capital Outlay	Special Capital Outlay Severance Tax Bonds 2004	Special Capital Outlay General Fund	Non-major Governmental Funds	Governmental Funds
21,001,578	-	17,414,776	5,617,716	1,666,205	-	74,456,619	26,269,397	153,336,078
-	9,633,862	-	-	-	-	-	-	112,000,773
201,462	-	-	-	-	-	700,000	25,733	927,195
492	59,250	(618)	117,859	-	339,613	2,814,845	96,072	4,413,748
77,526	-	68,854	-	24,200	-	-	547,008	717,588
-	7,575	-	-	-	-	-	1,492	201,588
-	-	-	-	-	-	-	-	-
-	389,870	-	86,924	-	2,949	-	50,000	1,655,662
356	433	-	-	-	-	-	8,726	22,393
21,281,414	10,090,990	17,483,012	5,822,499	1,690,405	342,562	77,971,464	26,998,428	273,275,025
39,274	23,018	-	-	-	-	21,805	1,534	143,762
7,231,035	4,183,707	94,091	117,859	-	461,202	4,202,512	6,592,395	75,516,470
(59,470)	555,909	-	-	-	-	-	27,824	3,177,762
-	9,766,338	-	-	-	759,738	-	275,332	74,090,649
1,090,737	-	2,893,582	-	-	-	-	213,224	4,495,098
247,374	14,806	222,150	-	17,048	1,700	-	98,690	1,273,193
-	23,623	9,388	-	-	-	-	148,297	3,688,076
2,425,219	527,912	-	-	-	-	-	387,665	7,637,413
-	-	-	-	-	-	-	674,175	741,026
-	759,092	-	-	-	53,922	85,951	227	1,655,662
-	-	-	-	-	-	-	-	-
10,974,169	15,854,405	3,219,211	117,859	17,048	1,276,562	4,310,268	8,419,363	172,419,111
-	-	-	-	-	-	-	-	-
10,307,245	(5,763,415)	14,263,801	5,704,640	1,673,357	(934,000)	73,661,196	18,579,065	100,855,914
10,307,245	(5,763,415)	14,263,801	5,704,640	1,673,357	(934,000)	73,661,196	18,579,065	100,855,914
21,281,414	10,090,990	17,483,012	5,822,499	1,690,405	342,562	77,971,464	26,998,428	273,275,025

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

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YEAR ENDED JUNE 30, 2008

Total Fund Balance - Governmental Funds  
(Governmental Fund Balance Sheet) \$ 100,855,914

Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not financial resources and,  
therefore, are not reported in the funds. These assets consist of:

Capital assets	6,892,460
Accumulated depreciation	<u>(6,393,680)</u>

Total capital assets	498,780
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Some liabilities are not due and payable in the current period and,  
therefore, are not reported in the fund:

Compensated absences payable	<u>(1,727,957)</u>
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Net assets of governmental activities (Statement of Net Assets)	\$ <u>99,626,737</u>
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AS OF JUNE 30, 2008	05700	50000	50100	67200	67300	67400
	PED General Fund	Division of Vocational Rehabilitation	Disability Determination Services	Federal School Food Services Flowthrough	Federal Dept. of Education Flowthrough	Vocational Education Flowthrough
<b>REVENUES:</b>						
Federal grants	\$ -	23,410,158	11,069,015	84,045,775	266,327,729	4,613,643
Other revenue	28,453	29,384	2,329	55,029	75,233	14,389
<b>TOTAL REVENUES</b>	28,453	23,439,542	11,071,344	84,100,804	266,402,962	4,628,032
<b>EXPENDITURES:</b>						
Current:						
Education	15,120,446	-	-	95,230,708	272,539,563	8,541,350
Health and welfare	-	30,830,708	10,225,730	-	-	-
Capital outlay	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	15,120,446	30,830,708	10,225,730	95,230,708	272,539,563	8,541,350
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(15,091,993)	(7,391,166)	845,614	(11,129,904)	(6,136,601)	(3,913,318)
<b>OTHER FINANCING SOURCES (USES):</b>						
State general fund appropriations	15,123,903	7,598,889	-	-	-	-
Appropriations funded with State Severance Bond Proceeds	-	-	-	-	-	-
Reversions to State General Fund	(60,704)	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	15,063,199	7,598,889	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	(28,794)	207,723	845,614	(11,129,904)	(6,136,601)	(3,913,318)
<b>FUND BALANCE (DEFICIT), BEGINNING</b>	89,697	7,312,198	(287,200)	-	-	-
<b>RESTATEMENTS (NOTE 19)</b>	-	(3,595,390)	-	-	-	-
<b>FUND BALANCE, BEGINNING - RESTATED</b>	89,697	3,716,808	(287,200)	-	-	-
<b>FUND BALANCE (DEFICIT), ENDING</b>	\$ 60,903	3,924,531	558,414	(11,129,904)	(6,136,601)	(3,913,318)

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

79000	84400	85800	63400	63500	81600	81800	Other	Total
Special Projects	Federal Dept. of Education Administration	Public School Support Flowthrough	Public School Capital Improvements	Public School Capital Outlay	Special Capital Outlay Severance Tax Bonds 2004	Special Capital Outlay General Fund	Non-major Governmental Funds	Total Governmental Funds
-	20,885,655	-	-	-	-	-	254,605	410,606,580
2,057	1,968	3,573,444	-	-	-	76,000	2,171,408	6,029,694
2,057	20,887,623	3,573,444	-	-	-	76,000	2,426,013	416,636,274
33,713,951	25,667,699	2,373,694,201	16,296,167	2,175,538	11,991,400	35,795,955	77,247,918	2,968,014,896
-	-	-	-	-	-	-	153,262	41,209,700
-	35,900	-	-	-	-	-	-	35,900
33,713,951	25,703,599	2,373,694,201	16,296,167	2,175,538	11,991,400	35,795,955	77,401,180	3,009,260,496
(33,711,894)	(4,815,976)	(2,370,120,757)	(16,296,167)	(2,175,538)	(11,991,400)	(35,719,955)	(74,975,167)	(2,592,624,222)
40,378,220	107,007	2,379,199,635	-	-	-	19,320,000	61,996,065	2,523,723,719
-	-	-	16,640,352	4,213,590	10,984,148	-	1,426,180	33,264,270
(1,836,871)	(2,492)	(2,965,077)	-	-	(77,850)	(960,839)	-	(5,903,833)
-	-	850,000	-	-	-	-	-	850,000
<u>38,541,349</u>	<u>104,515</u>	<u>2,377,084,558</u>	<u>16,640,352</u>	<u>4,213,590</u>	<u>10,906,298</u>	<u>18,359,161</u>	<u>63,422,245</u>	<u>2,551,934,156</u>
4,829,455	(4,711,461)	6,963,801	344,185	2,038,052	(1,085,102)	(17,360,794)	(11,552,922)	(40,690,066)
<u>5,477,790</u>	<u>(1,051,954)</u>	<u>7,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,496,357</u>	<u>48,336,888</u>
-	-	-	5,360,455	(364,695)	151,102	91,021,990	635,630	93,209,092
<u>5,477,790</u>	<u>(1,051,954)</u>	<u>7,300,000</u>	<u>5,360,455</u>	<u>(364,695)</u>	<u>151,102</u>	<u>91,021,990</u>	<u>30,131,987</u>	<u>141,545,980</u>
<u>10,307,245</u>	<u>(5,763,415)</u>	<u>14,263,801</u>	<u>5,704,640</u>	<u>1,673,357</u>	<u>(934,000)</u>	<u>73,661,196</u>	<u>18,579,065</u>	<u>100,855,914</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

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YEAR ENDED JUNE 30, 2008

Net Changes in Fund Balances - Total Governmental Funds  
(Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ (40,690,066)

Amounts reported for governmental activities in the Statement of Activities are different because:

In the Statement of Activities, certain operating expenses (compensated absences payable) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The net increase in the liabilities for the year was:

Change in compensated absences payable (156,041)

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	35,900	
Depreciation expense	<u>(643,217)</u>	
Excess of capital outlay over depreciation expense		<u>(607,317)</u>

Change in net assets of governmental activities (Statement of Activities) \$ (41,453,424)

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statements of Revenues and Expenditures -  
Budget and Actual - Major General  
and Special Revenue Funds

YEAR ENDED JUNE 30, 2008

	05700 - PED GENERAL FUND			
	Budgeted Amount		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	-	-	-	-
State general fund appropriations	14,415,700	14,477,700	14,477,700	-
Other state funds	128,417	128,417	110,603	(17,814)
Other financing sources	540,600	540,600	540,600	-
Miscellaneous revenue	<u>200,000</u>	<u>217,500</u>	<u>23,403</u>	<u>(194,097)</u>
<b>TOTAL REVENUES</b>	15,284,717	15,364,217	15,152,306	(211,911)
<b>BEGINNING CASH</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES AND   BEGINNING CASH</b>	15,284,717	15,364,217	15,152,306	(211,911)
<b>EXPENDITURES:</b>				
Education:				
Personal services	13,448,921	13,418,921	13,363,447	55,474
Contract services	232,946	737,189	592,396	144,793
Other costs	1,616,850	1,165,107	1,164,603	504
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total education	15,298,717	15,321,217	15,120,446	200,771
Health and welfare:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	-	-	-	-
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total health and welfare	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>15,298,717</u>	<u>15,321,217</u>	<u>15,120,446</u>	<u>200,771</u>
<b>EXCESS (DEFICIENCY) OF REVENUES   OVER EXPENDITURES</b>	\$ <u>(14,000)</u>	<u>43,000</u>	<u>31,860</u>	<u>(412,682)</u>
<b>REQUEST TO PAY PRIOR YEAR</b>			\$ <u>-</u>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statements of Revenues and Expenditures -  
Budget and Actual - Major General  
and Special Revenue Funds - continued

YEAR ENDED JUNE 30, 2008

50000 - DIVISION OF VOCATIONAL REHABILITATION				
	Budgeted Amount		Actual Amount	Variance
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Federal grants	\$ 26,372,100	27,503,799	23,410,158	(4,093,641)
State general fund appropriations	6,116,500	6,126,500	6,043,500	(83,000)
Other state funds	1,288,500	1,288,500	1,093,311	(195,189)
Other financing sources	-	-	476,527	476,527
Miscellaneous revenue	-	-	<u>14,936</u>	<u>14,936</u>
<b>TOTAL REVENUES</b>	<b>33,777,100</b>	<b>34,918,799</b>	<b>31,038,432</b>	<b>(3,880,367)</b>
<b>EXPENDITURES:</b>				
Education:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
Total education	-	-	-	-
Health and welfare:				
Personal services	13,848,500	14,677,268	13,782,499	894,769
Contract services	833,600	1,005,484	537,587	467,897
Other costs	19,092,600	19,233,647	16,497,725	2,735,922
Other uses	<u>2,400</u>	<u>2,400</u>	-	<u>2,400</u>
Total health and welfare	<u>33,777,100</u>	<u>34,918,799</u>	<u>30,817,811</u>	<u>4,100,988</u>
<b>TOTAL EXPENDITURES</b>	<b><u>33,777,100</u></b>	<b><u>34,918,799</u></b>	<b><u>30,817,811</u></b>	<b><u>4,100,988</u></b>
<b>EXCESS (DEFICIENCY)   OF REVENUES OVER   EXPENDITURES</b>	<b>\$ <u>          -</u></b>	<b><u>          -</u></b>	<b><u>220,621</u></b>	<b><u>220,621</u></b>
<b>REQUEST TO PAY PRIOR YEAR</b>			<b>\$ <u>(12,898)</u></b>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statements of Revenues and Expenditures -  
Budget and Actual - Major General  
and Special Revenue Funds - continued

YEAR ENDED JUNE 30, 2008

50100 - DISABILITY DETERMINATION SERVICES				
	Budgeted Amount		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ 12,367,200	12,367,200	11,069,015	(1,298,185)
State general fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	<u>2,329</u>	<u>2,329</u>
<b>TOTAL REVENUES</b>	<u>12,367,200</u>	<u>12,367,200</u>	<u>11,071,344</u>	<u>(1,295,856)</u>
<b>EXPENDITURES:</b>				
Education:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
Total education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Health and welfare:				
Personal services	6,294,800	6,294,800	5,081,470	1,213,330
Contract services	391,100	391,100	159,690	231,410
Other costs	5,681,300	5,681,300	4,976,291	705,009
Other uses	-	-	-	-
Total health and welfare	<u>12,367,200</u>	<u>12,367,200</u>	<u>10,217,451</u>	<u>2,149,749</u>
<b>TOTAL EXPENDITURES</b>	<u>12,367,200</u>	<u>12,367,200</u>	<u>10,217,451</u>	<u>2,149,749</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>-</u>	<u>853,893</u>	<u>853,893</u>
<b>REQUEST TO PAY PRIOR YEAR</b>			<u>\$ (8,279)</u>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statements of Revenues and Expenditures -  
Budget and Actual - Major General  
and Special Revenue Funds - continued

YEAR ENDED JUNE 30, 2008

67200 - FEDERAL SCHOOL FOOD  
SERVICES FLOWTHROUGH

	Budgeted Amount		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ 97,082,152	97,082,152	84,045,775	(13,036,377)
State general fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	55,029	55,029
<b>TOTAL REVENUES</b>	<b>97,082,152</b>	<b>97,082,152</b>	<b>84,100,804</b>	<b>(12,981,348)</b>
<b>EXPENDITURES:</b>				
Education:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	97,082,152	97,082,152	95,230,708	1,851,444
Other uses	-	-	-	-
<b>Total education</b>	<b>97,082,152</b>	<b>97,082,152</b>	<b>95,230,708</b>	<b>1,851,444</b>
Health and welfare:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
<b>Total health and welfare</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>97,082,152</b>	<b>97,082,152</b>	<b>95,230,708</b>	<b>1,851,444</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>(11,129,904)</b>	<b>(11,129,904)</b>
<b>REQUEST TO PAY PRIOR YEAR</b>			<b>\$ -</b>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statements of Revenues and Expenditures -  
Budget and Actual - Major General  
and Special Revenue Funds - continued

YEAR ENDED JUNE 30, 2008

67300 - FEDERAL DEPARTMENT OF  
EDUCATION FLOWTHROUGH

	Budgeted Amount		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	266,327,729	266,327,729
State general fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	<u>75,234</u>	<u>75,234</u>
<b>TOTAL REVENUES</b>	-	-	266,402,963	266,402,963
<b>EXPENDITURES:</b>				
Education:				
Personal services	-	-	-	-
Contract services	-	3,235,174	2,718,174	517,000
Other costs	382,138,890	379,804,827	261,564,894	118,239,933
Other uses	-	-	-	-
Total education	<u>382,138,890</u>	<u>383,040,001</u>	<u>264,283,068</u>	<u>118,756,933</u>
Health and welfare:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
Total health and welfare	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>382,138,890</u>	<u>383,040,001</u>	<u>264,283,068</u>	<u>118,756,933</u>
<b>EXCESS (DEFICIENCY)   OF REVENUES OVER   EXPENDITURES</b>	\$ <u>(382,138,890)</u>	<u>(383,040,001)</u>	<u>2,119,895</u>	<u>385,159,896</u>
<b>REQUEST TO PAY PRIOR YEAR</b>			\$ <u>(8,256,496)</u>	



STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT  
Statements of Revenues and Expenditures -  
Budget and Actual - Major General  
and Special Revenue Funds - continued

YEAR ENDED JUNE 30, 2008

**67400 - VOCATIONAL EDUCATION FLOWTHROUGH**

	<u>Budgeted Amount</u>		<u>Actual Amount</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>REVENUES:</b>				
Federal grants	\$ 10,098,058	10,098,058	4,613,643	(5,484,415)
State general fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	<u>14,389</u>	<u>14,389</u>
<b>TOTAL REVENUES</b>	<u>10,098,058</u>	<u>10,098,058</u>	<u>4,628,032</u>	<u>(5,470,026)</u>
<b>EXPENDITURES:</b>				
Education:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	10,098,058	10,098,058	8,395,961	1,702,097
Other uses	-	-	-	-
Total education	<u>10,098,058</u>	<u>10,098,058</u>	<u>8,395,961</u>	<u>1,702,097</u>
Health and welfare:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
Total health and welfare	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>10,098,058</u>	<u>10,098,058</u>	<u>8,395,961</u>	<u>1,702,097</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>-</u>	<u>(3,767,929)</u>	<u>(3,767,929)</u>
<b>REQUEST TO PAY PRIOR YEAR</b>			<u>\$ (145,389)</u>	

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Statements of Revenues and Expenditures -  
Budget and Actual - Major General  
and Special Revenue Funds - continued**

YEAR ENDED JUNE 30, 2008

		79000 - SPECIAL PROJECTS			
		Budgeted Amount		Actual	Variance
		Original	Final	Amount	Positive (Negative)
<b>REVENUES:</b>					
Federal grants	\$	-	-	37,878,220	37,878,220
State general fund appropriations		33,578,220	40,378,220	-	(40,378,220)
Other state funds		-	-	-	-
Other financing sources		-	-	2,500,000	2,500,000
Miscellaneous revenue		-	-	<u>2,058</u>	<u>2,058</u>
<b>TOTAL REVENUES</b>		<u>33,578,220</u>	<u>40,378,220</u>	<u>40,380,278</u>	<u>2,058</u>
<b>EXPENDITURES:</b>					
Education:					
Personal services		500,717	511,685	450,990	60,695
Contract services		13,153,907	15,657,710	13,445,560	2,212,150
Other costs		20,072,542	20,047,257	18,964,430	1,082,827
Other uses		<u>505,000</u>	<u>660,000</u>	<u>660,000</u>	<u>-</u>
Total education		<u>34,232,166</u>	<u>36,876,652</u>	<u>33,520,980</u>	<u>3,355,672</u>
Health and welfare:					
Personal services		-	-	-	-
Contract services		-	-	-	-
Other costs		-	-	-	-
Other uses		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total health and welfare		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>		<u>34,232,166</u>	<u>36,876,652</u>	<u>33,520,980</u>	<u>3,355,672</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$</b>	<u>(653,946)</u>	<u>3,501,568</u>	<u>6,859,298</u>	<u>3,357,730</u>
<b>REQUEST TO PAY PRIOR YEAR NON-BUDGETED REVERSION</b>				<b>\$</b> <u>(852,972)</u>	
				<b>\$</b> <u>(1,176,871)</u>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statements of Revenues and Expenditures -  
Budget and Actual - Major General  
and Special Revenue Funds - continued

YEAR ENDED JUNE 30, 2008

84400 - FEDERAL DEPARTMENT OF  
EDUCATION ADMINISTRATION

	Budgeted Amount		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ 20,362,500	38,587,565	20,885,655	(17,701,910)
State general fund appropriations	-	-	-	-
Other state funds	-	-	107,007	107,007
Other financing sources	-	15,000	-	(15,000)
Miscellaneous revenue	-	-	1,970	1,970
<b>TOTAL REVENUES</b>	<b>20,362,500</b>	<b>38,602,565</b>	<b>20,994,632</b>	<b>(17,607,933)</b>
<b>EXPENDITURES:</b>				
Education:				
Personal services	7,193,200	7,298,738	6,252,831	1,045,907
Contract services	10,487,800	25,225,706	14,492,905	10,732,801
Other costs	2,790,813	6,356,684	3,108,067	3,248,617
Other uses	-	-	-	-
Total education	<u>20,471,813</u>	<u>38,881,128</u>	<u>23,853,803</u>	<u>15,027,325</u>
Health and welfare:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
Total health and welfare	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b><u>20,471,813</u></b>	<b><u>38,881,128</u></b>	<b><u>23,853,803</u></b>	<b><u>15,027,325</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ <u>(109,313)</u></b>	<b><u>(278,563)</u></b>	<b><u>(2,859,171)</u></b>	<b><u>(2,580,608)</u></b>
<b>REQUEST TO PAY PRIOR YEAR NON-BUDGETED REVERSION</b>			<b>\$ <u>(1,849,797)</u></b>	
			<b>\$ <u>(2,493)</u></b>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT  
Statements of Revenues and Expenditures -  
Budget and Actual - Major General  
and Special Revenue Funds - continued

YEAR ENDED JUNE 30, 2008

85800 - PUBLIC SCHOOL SUPPORT FLOWTHROUGH

	Budgeted Amount		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State general fund appropriations	2,379,299,635	2,379,299,635	2,379,299,635	-
Other state funds	-	-	-	-
Other financing sources	-	-	750,000	750,000
Miscellaneous revenue	-	-	3,573,444	3,573,444
<b>TOTAL REVENUES</b>	<u>2,379,299,635</u>	<u>2,379,299,635</u>	<u>2,383,623,079</u>	<u>4,323,444</u>
<b>EXPENDITURES:</b>				
Education:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	2,380,049,635	2,380,049,635	2,376,659,278	3,390,357
Other uses	-	-	-	-
Total education	<u>2,380,049,635</u>	<u>2,380,049,635</u>	<u>2,376,659,278</u>	<u>3,390,357</u>
Health and welfare:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
Total health and welfare	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>2,380,049,635</u>	<u>2,380,049,635</u>	<u>2,376,659,278</u>	<u>3,390,357</u>
<b>EXCESS (DEFICIENCY)   OF REVENUES OVER   EXPENDITURES</b>	\$ <u>(750,000)</u>	<u>(750,000)</u>	<u>6,963,801</u>	<u>7,713,801</u>
<b>REQUEST TO PAY PRIOR YEAR</b>			\$ <u>-</u>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statements of Revenues and Expenditures -  
Budget and Actual - Major General  
and Special Revenue Funds - continued

YEAR ENDED JUNE 30, 2008

63400 - PUBLIC SCHOOL CAPITAL IMPROVEMENTS				
	Budgeted Amount		Actual Amount	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State general fund appropriations	-	-	-	-
Other state funds	20,500,000	20,500,000	16,640,352	(3,859,648)
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<b>20,500,000</b>	<b>20,500,000</b>	<b>16,640,352</b>	<b>(3,859,648)</b>
<b>EXPENDITURES:</b>				
Education:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	29,872,204	29,872,204	16,296,167	13,576,037
Other uses	-	-	-	-
Total education	<u>29,872,204</u>	<u>29,872,204</u>	<u>16,296,167</u>	<u>13,576,037</u>
Health and welfare:				
Personal services	-	-	-	-
Contract services	-	-	-	-
Other costs	-	-	-	-
Other uses	-	-	-	-
Total health and welfare	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>29,872,204</u></b>	<b><u>29,872,204</u></b>	<b><u>16,296,167</u></b>	<b><u>13,576,037</u></b>
<b>EXCESS (DEFICIENCY)   OF REVENUES OVER   EXPENDITURES</b>	<b>\$ <u>(9,372,204)</u></b>	<b><u>(9,372,204)</u></b>	<b><u>344,185</u></b>	<b><u>(17,435,685)</u></b>
<b>REQUEST TO PAY PRIOR YEAR</b>			<b>\$ <u>-</u></b>	

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Statement of Fiduciary Net Assets**

**AS OF JUNE 30, 2008**

	<b>Private Purpose Trusts 61600 &amp; 99300</b>	<b>Agency Fund 57300</b>
<b>ASSETS:</b>		
Cash	\$ 41,405	1,042,971
Certificate of Deposit	20,000	-
Due from other state agencies	<u>212</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>61,617</u></b>	<b><u>1,042,971</u></b>
<b>LIABILITIES:</b>		
Due to external party	\$ -	1,042,971
<b>TOTAL LIABILITIES</b>	<u>-</u>	<b>\$ <u>1,042,971</u></b>
<b>NET ASSETS:</b>		
Reserved for scholarships	<u>61,617</u>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>61,617</u></b>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statement of Changes in Fiduciary Net Assets

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YEAR ENDED JUNE 30, 2008

	<u>Private Purpose Trusts 61600 &amp; 99300</u>
<b>ASSETS:</b>	
Investment earnings:	
Interest	\$ <u>2,436</u>
<b>DEDUCTIONS:</b>	
Scholarship expense	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	2,436
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>59,181</u>
<b>NET ASSETS, END OF YEAR</b>	\$ <u><u>61,617</u></u>

## NATURE OF ORGANIZATION

The State of New Mexico Public Education Department (Department) is responsible for establishing and implementing standards for education and providing administrative services, including school budgeting and reporting, and for educational and vocational rehabilitation programs in the State of New Mexico. Specific programs focus on a number of services, including regulatory enforcement, information dissemination, and vocational rehabilitation for physically and mentally handicapped citizens, and adjudication of disability and supplementary security claims for the general vocational rehabilitation program.

The elected 10-member Public Education Commission serves in an advisory capacity in accordance with laws enacted by the New Mexico State Legislature during the 2004 Regular Session.

The chief executive officer of the Department is the Secretary of Education, a cabinet secretary appointed by the governor and confirmed by the New Mexico Senate. The Department's functions are administered through the Public Education Department (PED), the Division of Vocational Rehabilitation (DVR) and its subdivision, Disability Determination Services (DDS).

The financial statements for the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### • 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 significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Considered as component units of the Department are Cottonwood Classical Preparatory School and Media Arts Collaborative Charter School (Charter Schools).

**Component Units – Charter Schools.** During the fiscal year ended June 30, 2008, two charter schools received state authorization and will operate discretely under the Department, similar to a school district. The New Mexico Public Education Commission authorized the state charter schools and will supervise the charter schools. Financial statement reporting will be presented in the Department's financial statements as component units.



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

• **Reporting Entity - continued**

The Department is an agency of the State of New Mexico, which is the primary government, pursuant to the Public Schools Act Section 22-2-1 through 22-2-20. These financial statements include all funds over which the Cabinet Secretary has authority.

• **Basic Financial Statements**

The basic financial statements include both government-wide (based on the Department as a whole) and fund financial statements. The reporting model focus is on either the Department as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental activities. The Department is a single purpose government entity and has no business-type activities. In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reflected on a full accrual, economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term obligations.

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (education, labor, transportation, etc.) that are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function of an activity. The Department includes two functions (education, and health and welfare). When an expense is incurred for purposes when both restricted and unrestricted resources are available, the Department utilizes the restricted resources first.

The net cost by function is normally covered by general revenues (taxes, intergovernmental revenues, interest income, etc.). Historically, the previous model did not summarize or present net cost by function or activity. Since the Department only has one program, it does not employ indirect cost allocation in the financial statements.

Provided in the additional information schedule is a breakdown of the government-wide financials showing the Division of Vocational Rehabilitation net assets and activities separate from the Department. These schedules are for informational purposes only and are not presented in accordance with generally accepted accounting standards. Therefore, they are not presented in the basic financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **Basic Financial Statements - continued**

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the major funds. Non-major funds (by category) are summarized into a single column.

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

The Department's fiduciary funds are presented in the fund financial statements. 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.

• **Basis of Presentation**

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

The funds of the Department are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and descriptions of each existing fund type follow:

**Governmental funds** are used to account for the Department's general government activities, including the collection and disbursement of specific or legally restricted monies. Governmental funds include:

General Fund – The primary operating funds of the Department accounts for all financial resources, except those required to be accounted for in other funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- Basis of Presentation - continued

**Governmental funds – continued:**

Special Revenue Funds – These account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Fiduciary funds** are assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Department. Agency and trust funds are custodial in nature and do not involve measurement of results of operations.

Private-purpose Trust Funds – These funds are used to account for trust arrangements under which principal or interest benefits specific individuals or organizations, but not the reporting government.

Agency Funds – These are used to account for assets held on behalf of individuals, private organizations, other government and/or other funds.

The major funds presented in the financial statements include the following:

**PED General Fund (05700)** - The General Fund is the general operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is funded primarily from appropriations from the State of New Mexico General Fund, and is a reverting fund.

**Division of Vocational Rehabilitation (50000)** – This fund accounts for all operations of the DVR, except for those of Disability Determination Services. This is a non-reverting fund. This fund is considered major because of its importance to the users of the financial statements.

**Disability Determination Services (50100)** – This fund accounts for the operations of the Disability Determination Services Unit. This is a non-reverting fund. This fund is considered major because of its importance to the users of the financial statements.

**Federal School Food Services Flowthrough (67200)** – This fund accounts for federal grant funds from the U.S. Department of Agriculture. This is a non-reverting fund.

**Federal Department of Education Flowthrough (67300)** – This fund accounts for most of the federal education programs from the U.S. Public Education Department. This is a non-reverting fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Basis of Presentation - continued**

**Vocational Education Flowthrough (67400)** – This fund accounts for federal grant funds for vocational education. This is a non-reverting fund. This fund is considered major because of its importance to the users of the financial statements.

**Special Projects (79000)** – The Special Projects Flowthrough fund accounts for the receipts and disbursements of state special appropriations for a variety of projects established by the Legislature (48th Legislature, 1st Session, Chapter 28). This is a reverting fund.

**Federal Department of Education Administration (84400)** – The Federal Department of Education Administration Flowthrough fund accounts for administrative expenses except those required to be accounted for in another fund. It is funded primarily from appropriations from grant funds. This is a reverting fund. This fund is considered major because of its importance to the users of the financial statements.

**Public School Support Flowthrough (85800)** – The Public School Support Flowthrough fund is used in the accounting of distributions to school districts for the State Equalization Guarantee, Transportation and Supplemental Distributions programs. Financing is provided through State General Fund appropriations. This is a reverting fund.

**Public School Capital Improvements (63400)** – The Public School Capital Improvements fund accounts for the proceeds from bond sales issued under the provisions of the Public School Capital Improvements Act (NMSA 1978, § 22-25-1 and 22-25-10). Funds remaining after the completion of capital projects are to be reverted.

**Public School Capital Outlay (63500)** – The Public School Capital Outlay fund accounts for the proceeds of certain bonds, lottery proceeds and general fund appropriations used to meet critical school district capital outlay needs that cannot be met by a school district after it has exhausted all available resources (NMSA 1978, § 22-24-4). This is a non-reverting fund.

**Special Capital Outlay – Severance Tax Bonds (2004) (81600)** – The fund, established in 2004, accounts for severance tax bond proceeds appropriated to the Public Education Department. Funds remaining after the completion of capital projects are to be reverted.

**Special Capital Outlay – General Fund (2000) (81800)** – The fund, established in 2000, accounts for general fund appropriations for special capital outlay projects. Funds remaining after the completion of capital projects are to be reverted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Basis of Accounting**

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

The Government-wide Financial Statements and the 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.

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis using the economic resources measurement focus and the accrual basis of accounting, incorporating long-term assets and receivables as well as long-term debt and obligations.

- **Accrual**

Revenues are recognized when earned and expenses are recognized when incurred.

- **Modified Accrual**

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Department defines the term "available" to include funds received within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

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.

Revenues from special appropriations (capital projects) 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 if they are not susceptible to accrual.

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

• **Modified Accrual - continued**

Expenditures are recorded as liabilities when incurred. An exception to this general rule is that accumulated unpaid annual, compensatory and certain sick leave are not accrued as current liabilities but as 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 No. 33 (as it relates to non-exchange and exchange transactions), the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Department has elected not to follow subsequent private-sector guidance.

• **Budgets and Budgetary Accounting**

The Department must operate within the budgets adopted by the State Legislature and federal grantor agencies. Legal compliance is monitored through the establishment of a budget and a financial control system, which permit a budget-to-actual expenditure comparison. Annual appropriation budgets are adopted for the general, special revenue and certain fiduciary funds. However, cash balances for certain special revenue and fiduciary funds do not revert to the State General Fund at the end of the fiscal year. Expenditures may not legally exceed appropriations for each budget at the appropriation unit category level. Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration (DFA) within the limitations specified in the General Appropriations Act.

Per the General Appropriation Act, Laws of 2006, Chapter 109, Section 3, Subsections O and N, the budgetary basis is modified accrual. However, there is a statutory exception. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year’s budget.

The budget-to-actual comparisons for the capital projects funds, which are based on multiple year appropriations budgets, are presented in supplemental schedules to the financial statements as Multi-Year Budgeted Schedules.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **Budgets and Budgetary Accounting - continued**

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

- No later than September 1, the Department submits to the Budget Division of DFA and the Legislative Finance Committee (LFC) an appropriations request for the fiscal year commencing the following July 1. The appropriations request includes proposed expenditures and the means of financing them.
- Budget hearings are scheduled with DFA and LFC. Budget recommendations are prepared by the above agencies. The two budget recommendations are submitted for the upcoming legislative session.
- Budget hearings are scheduled before the Appropriations Committee of the New Mexico House of Representatives and Senate. The final outcome of these hearings is incorporated into the General Appropriations Act.
- The Governor of the State of New Mexico signs the General Appropriations Act into law within the legally prescribed time limit.
- Not later than May 1, the Department submits an annual operating budget request to the Budget Division of DFA, which reviews the request and subsequently approves the budget based upon the appropriation made by the Legislature. All subsequent budget transfers and increases must be authorized by the Director of the Budget Division. The budgets for the year ended June 30, 2007 have been so adjusted.
- Legal budgetary control for expenditures and encumbrances is by category of the appropriation unit.
- Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund and Special Revenue Funds.

Over-expended appropriation units presented in the Budget to actual schedules are disclosed as a finding in finding 07-21.

The unexpended and unencumbered State General Fund appropriation to the Department lapses at year end and reverts to the State General Fund. The Department may also receive funding from various special appropriations. The language of a particular special appropriation determines when it lapses and whether or not unexpended and unencumbered balances revert to the State General Fund. See Note 14 for specific funds subject to annual reversion to State General Fund.

• **Cash Deposits**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur among individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as “interfund receivables/payables”.

- **Federal Grants Receivable**

Amounts listed as Federal grants receivable are reimbursements due for passthrough funds. No allowance for uncollectible amounts has been made since these are expected to be reimbursed in full.

- **Advances to Local Education Agencies**

The Department passes through federal funding to the local school districts. The Department normally pays the school on a reimbursement basis, but the Department also advances funding to schools. Schools are required to spend the advanced funds in the school year budgeted. As the schools report their expenditures on a monthly basis, the Department relieves the receivable and records federal expenditures. Unspent funds are to be returned to the Department, which in turn are returned to the federal grantor by the Department. Because the Department has the ability to reduce funding in subsequent years to compensate for unspent funds that are not returned, the advances are considered fully collectible.

- **Capital Assets**

Equipment, software and computer equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at the fair market values as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The State’s capitalization policy (i.e., the dollar value above which asset acquisitions are added to the capital accounts) is \$5,000. The Department does not capitalize any interest with regard to its capital assets.

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

Computing equipment and software - 3 years  
Equipment - 5 to 7 years

Capital assets for the governmental funds are recorded on the government-wide financial statements.



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

• **Compensated Absences Payable**

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, pay for sick leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment for 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50% of their hourly rate, not to exceed 120 hours each semiannual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50% hourly rate.

Vacation and sick time is reported as a liability in the government-wide financial statements, with expenses being reported during the period that leave is accrued. The fund financial statements report expenditures during the period that employees are actually paid, or when compensated absences are liquidated with expendable financial resources from the operational portion of state general fund appropriations.

• **Reservations of Fund Balances**

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

Reserved for Encumbrances – This reserve represents the portion of fund balance that relates to multi-year appropriations that are reserved for subsequent period expenditures.

• **Revenues, Expenditures and Expenses**

Substantially all governmental fund revenues are accrued.

Expenditures are recognized when the related fund liability is incurred, except for the following permitted by accounting principles generally accepted in the United States of America:

Bond proceed appropriations are recorded to revenue and expenditures when bonds are sold. Bond proceeds are allocated to the Department by the legislature and the Department is not obligated in any manner for the related indebtedness. Bond proceeds may be subject to certain use restrictions, such as reversions, of the bond statements, appropriations or both.

Prepaid expenses are reported in the period in which the prepaid items are used, rather than in the period purchased.

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Notes to Financial Statements - continued

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **Net Assets**

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

**Investment in Capital Assets (net of related debt)** is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The Department did not have any related debt during the year ended June 30, 2008.

**Restricted Assets** are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitations on their use. The Department reported restricted net assets at June 30, 2008, all of which is restricted by enabling legislation as follows:

Special Projects	\$ 10,307,245
Public Education Support	14,263,801
Other Educational Programs	<u>18,579,065</u>
Total	\$ <u>43,150,111</u>

**Unrestricted Assets** represent the excess of total assets over total liabilities and net assets – invested in capital assets at June 30, 2008.

• **Interfund Transactions**

Interfund activity is reported as loans, services provided reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market value, are treated as revenues and expenditures. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between funds are netted upon consolidation.

• **Use of Estimates**

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

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Notes to Financial Statements - continued

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **Deferred Revenues**

Various reimbursement procedures are used for federal awards received by the Department. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, deferred revenue balances represent an overdraw of cash (advances) in excess of modified accrual basis expenditures. Generally, receivable or deferred revenue balances caused by differences in the timing of cash reimbursements and expenditures will be reversed or returned to the grantor in the remaining grant period.

• **Severance Tax Bonds Proceeds**

While the Department receives severance tax bond proceeds appropriated to the capital projects funds for projects specified by the Legislature, it has no obligation for repayment of the bonds and reports no liability for severance tax bonds payable in its financial statements. These bonds are obligations of the State of New Mexico's Comprehensive Annual Financial Report, or CAFR, issued by the State Controller's Office. The CAFR can be obtained by contacting the State Controller at the Bataan Memorial Building, Santa Fe, NM 87501.

2. CASH AND INVESTMENTS

Cash balances at June 30, 2008 consisted of cash invested with the New Mexico State Treasurer, known as the State General Fund Investment Pool. In general, state statutes require that all deposits held by the New Mexico State Treasurer be collateralized at a minimum level of 50%. The New Mexico State Treasurer is in compliance with this requirement. Separate financial statements of the New Mexico State Treasurer indicate collateral, categories of risk and market value of purchased investments, which may differ from the cash deposited by the Department.

Total cash and certificate of deposit (CD), all funds	\$ <u>79,306,833</u>
Reconciliation to financial statements:	
Governmental funds, on deposit with New Mexico State Treasurer	\$ 79,245,429
Trust funds, on deposit with New Mexico State Treasurer and CD	<u>61,404</u>
Total cash balance	\$ <u>79,306,833</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Notes to Financial Statements - continued

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2. CASH AND INVESTMENTS - continued

The cash on deposit with the New Mexico State Treasurer's State General Fund Investment Pool is monitored by the office for purposes of collateralization in compliance with Section 6-10-17, NMSA 1978.

The Eva Lou Kelly Scholarship trust fund has a certificate of deposit with a local bank. The certificate matures February 15, 2009. The interest rate is 3.21%, payable monthly. The certificate is fully insured by the FDIC and is in the name of the trust fund. Market value approximates cost.

Charter Bank, Santa Fe, NM:	
Certificate of deposit	\$ 20,000
FDIC insurance	<u>(20,000)</u>
 Uninsured amount	 \$ <u>          </u>

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer's State General Fund Investment Pool, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2008.

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Financial Statements - continued**

**3. DUE FROM OTHER GOVERNMENTS**

Due from other state agencies:

<b>SHARE Fund No.</b>	<b>Agency</b>	<b>Other Agency Fund No.</b>	<b>Amount</b>
00500	Department of Finance and Administration (DFA)	34100	\$ 17,023
05700	Human Services Division	05200	421,336
33400	Department of Finance and Administration (DFA)	34100	11,212
51300	Department of Finance and Administration (DFA)	34100	22,156
56200	Department of Finance and Administration (DFA)	34100	10,125
56800	Department of Finance and Administration (DFA)	34100	34,189
63900	Department of Finance and Administration (DFA)	34100	507
66000	Department of Finance and Administration (DFA)	34100	860
79000	Human Services Division	05200	492
81800	Department of Finance and Administration (DFA)	34100	2,814,845
84400	Department of Finance and Administration (DFA)	34100	59,250
85800	Human Services Division	05200	(618)
63400	New Mexico State Board of Finance	00001	117,859
81600	New Mexico State Board of Finance	00001	339,613
50000	Department of Finance and Administration (DFA)	34100	561,943
50100	Department of Finance and Administration (DFA)	34100	<u>2,746</u>
	Total due to state agencies		4,413,748
45800	Due from State General Fund		25,733
79000	Due from State General Fund		201,462
81800	Due from State General Fund		<u>700,000</u>
	Total due from State General Fund		<u>927,195</u>
	Total due from other governments		\$ <u>5,340,943</u>

Advances to local education agencies of \$557,968 consist of federal program advances passed through to the various schools and school districts.

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Notes to Financial Statements - continued

4. INTERFUND BALANCES

The following is an analysis of amounts shown as due from and due to other funds:

**PED:**

Amounts Due from Other Funds		Amounts Due to Other Funds	
SHARE Fund No.	Amount	SHARE Fund No.	Amount
05700	\$ 759,089	05700	\$ (389,867)
63400	86,924	67300	(366,603)
67200	51,157	81600	(53,922)
67400	315,446	81800	(85,951)
81300	50,000	84400	<u>(759,092)</u>
81600	2,949		
84400	<u>389,870</u>		
	\$ <u>1,655,435</u>		\$ <u>(1,655,435)</u>

**DVR:**

Amounts Due from Other Funds		Amounts Due to Other Funds	
SHARE Fund No.	Amount	SHARE Fund No.	Amount
50000	\$ <u>227</u>	28000	\$ <u>(227)</u>
	\$ <u>227</u>		\$ <u>(227)</u>

The interfund balances are a result of reimbursements owed between the funds, and are expected to be paid within one year.

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Financial Statements - continued**

**5. CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
PED:				
Equipment	\$ 3,710,575	35,900	-	3,746,475
Art acquisitions	<u>5,800</u>	<u>-</u>	<u>-</u>	<u>5,800</u>
Total PED	3,716,375	35,900	-	3,752,275
DVR/DDS:				
Equipment	3,395,699	-	(255,514)	3,140,185
Total Department:				
Equipment	7,106,274	35,900	(255,514)	6,886,660
Art acquisitions	<u>5,800</u>	<u>-</u>	<u>-</u>	<u>5,800</u>
Subtotal	7,112,074	35,900	(255,514)	6,892,460
Accumulated depreciation:				
PED - Equipment	(3,050,419)	(472,537)	-	(3,522,956)
DVR/DDS – Equipment	<u>(2,955,558)</u>	<u>(170,680)</u>	<u>255,514</u>	<u>(2,870,724)</u>
Subtotal	<u>(6,005,977)</u>	<u>(643,217)</u>	<u>255,514</u>	<u>(6,393,680)</u>
Total	\$ <u>1,106,097</u>	<u>(607,317)</u>	<u>-</u>	<u>498,780</u>

Depreciation expense was charged to functions in the Department as follows:

PED - Education	\$ 472,537
DVR - Health and welfare	<u>170,680</u>
	\$ <u>643,217</u>

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Financial Statements - continued**

**6. DUE TO OTHER GOVERNMENTS**

Total due to other governments at June 30, 2008 is as follows:

Due to other state agencies:

<b>SHARE Fund No.</b>	<b>Agency</b>	<b>Other Agency Fund No.</b>	<b>Amount</b>
54000	New Mexico Board of Finance	41000	\$ 2,950
63500	New Mexico Board of Finance	41000	17,048
67300	New Mexico Department of Corrections	89800	27,957
67300	New Mexico Department of Health	06100	179,546
79000	New Mexico Human Services Department	05200	247,374
84400	New Mexico Human Services Department	05200	222,150
84400	New Mexico Governor's Office	17600	14,806
05700	New Mexico Department of Finance & Administration	34100	110,655
81600	New Mexico State Board of Finance	41000	1,700
54300	New Mexico Department of Finance & Administration	34100	5,038
46800	New Mexico State Board of Finance	41000	8,010
54100	New Mexico Department of Finance & Administration	34100	82,429
50000	New Mexico Department of Finance & Administration	34100	254,132
50100	New Mexico Department of Finance & Administration	34100	99,135
28000	New Mexico Department of Finance & Administration	34100	<u>263</u>
Total Due to Other State Agencies			\$ <u>1,273,193</u>
Due to New Mexico State General Fund			\$ 4,495,098
Due to Federal Government			3,688,076
Due to Local Education Agencies			7,637,413
Due to State Treasurer's Office			<u>74,090,649</u>
Total Due to Other Governments			\$ <u>89,751,616</u>



**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Financial Statements - continued**

**7. COMPENSATED ABSENCES**

A summary of changes in compensated absences is as follows:

		<u>Balance</u> <u>June 30, 2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Current</u> <u>Portion</u>
PED	\$	771,432	1,476,929	(1,387,514)	860,847	860,847
DVR/DDS		<u>800,484</u>	<u>1,383,128</u>	<u>(1,316,502)</u>	<u>867,110</u>	<u>867,110</u>
Total	\$	<u>1,571,916</u>	<u>2,860,057</u>	<u>(2,704,016)</u>	<u>1,727,957</u>	<u>1,727,957</u>

PED compensated absences are typically liquidated with fund 05700 and 84400 resources. DVR/DDS compensated absences are typically liquidated with fund 50000 and 50100 resources.

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## 8. SPECIAL STATE APPROPRIATIONS

The Department received and administered the following special state appropriations during the year ended June 30, 2008:

### 79000 REVERTING FUNDS:

<u>Appropriation Description</u>	<u>Legislation</u>
Beginning Teacher Mentorship	Laws of 2007, CH 28, Sec 4
Apprenticeship Assistance	Laws of 2007, CH 28, Sec 4
Breakfast for Elementary Students	Laws of 2007, CH 28, Sec 4
REC Distance Learning Network	Laws of 2007, CH 28, Sec 4
21st Century Learning Centers Statewide	Laws of 2007, CH 28, Sec 4
GRADS	Laws of 2007, CH 28, Sec 4
Truancy & Drop-Out Prevention	Laws of 2007, CH 28, Sec 4
CyberAcademy at Rio Rancho High School	Laws of 2007, CH 28, Sec 4
New Mexico CyberAcademy	Laws of 2007, CH 28, Sec 4
Food to Schools	Laws of 2007, CH 28, Sec 4
College & High School Redesign-Los Lunas Schools	Laws of 2007, CH 28, Sec 4
Kindergarten - 3 plus	Laws of 2007, CH 28, Sec 4
Advanced Placement	Laws of 2007, CH 28, Sec 4
Summer Reading, Math & Science Institutes	Laws of 2007, CH 28, Sec 4
School Improvement Framework	Laws of 2007, CH 28, Sec 4
Professional Development in Social Studies & Civics Statewide	Laws of 2007, CH 21, Sec 35, Item 1
Character Counts-State	Laws of 2007, CH 21, Sec 35, Item 2
Math & Science with National Labs in New mexico	Laws of 2007, CH 21, Sec 35, Item 3
Distance Education in District 7	Laws of 2007, CH 21, Sec 35, Item 4
Autism Services Statewide	Laws of 2007, CH 21, Sec 35, Item 5
Interdisciplinary international education	Laws of 2007, CH 21, Sec 35, Item 6
District 7 Autism Services	Laws of 2007, CH 21, Sec 35, Item 7
Band Uniforms-Alamogordo	Laws of 2007, CH 21, Sec 35, Item 8
Summer Literacy Camp-APS	Laws of 2007, CH 21, Sec 35, Item 9
Professional Development at Eldorado Highschool Cluster-APS	Laws of 2007, CH 21, Sec 35, Item 10
Professional Development at La Cueva Highschool Cluster-APS	Laws of 2007, CH 21, Sec 35, Item 11
After School enrichment Program-South Valley	Laws of 2007, CH 21, Sec 35, Item 12
Alternatives to Out-of-School Suspensions	Laws of 2007, CH 21, Sec 35, Item 13
Promise for Success Program-Gadsden	Laws of 2007, CH 21, Sec 35, Item 14
Cyber Academy Expansion of synchronous course offerings-Rio Rancho	Laws of 2007, CH 21, Sec 35, Item 17
After School Power Academy-Santa Fe Public Schools	Laws of 2007, CH 21, Sec 35, Item 18

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Financial Statements - continued**

	<b>Budget Authority</b>	<b>Cash Basis Total Expended to Date</b>	<b>Accounts Payable</b>	<b>Outstanding Encumbrances</b>	<b>Unencumbered Balance</b>
\$	2,000,000	1,999,071	-	-	929
	650,000	524,973	121,665	-	3,362
	450,000	450,000	-	-	-
	120,000	80,000	40,000	-	-
	1,500,000	731,362	733,161	-	35,477
	1,000,000	999,981	-	-	19
	1,000,000	528,765	311,235	-	160,000
	50,000	-	50,000	-	-
	500,000	262,020	221,997	-	15,983
	500,000	500,000	-	-	-
	210,000	67,791	141,703	-	506
	7,163,400	7,145,809	-	-	17,591
	2,000,000	-	921,388	1,147,737	(69,125)
	2,283,981	966,657	725,641	101,257	490,426
	3,000,000	1,383,159	869,763	-	747,078
	30,000	-	28,555	1,445	-
	56,520	13,000	13,165	30,355	-
	163,000	2,368	160,632	-	-
	120,000	14,294	72,298	33,408	-
	50,000	43,373	6,627	-	-
	13,000	13,000	-	-	-
	75,000	-	75,000	-	-
	95,300	-	95,290	10	-
	150,000	149,997	-	3	-
	150,000	-	71,320	78,680	-
	50,000	-	-	50,000	-
	30,000	-	29,987	13	-
	100,000	25,464	74,536	-	-
	250,000	-	10,753	239,247	-
	105,000	-	75,158	29,842	-
	100,000	-	-	100,000	-

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## 8. SPECIAL STATE APPROPRIATIONS - continued

### 79000 REVERTING FUNDS - continued:

<u>Appropriation Description</u>	<u>Legislation</u>
After School Enrichment Program	Laws of 2007, CH 21, Sec 35, Item 19
Breakfast for Elementary Students	Laws of 2007, CH 21, Sec 35, Item 20
NM Outdoor Classroom Initiative	Laws of 2007, CH 28, Sec 5, Item 103
Pre-Kindergarten-Special State	Laws of 2007, CH 21, Sec 35, Item 22
Statewide Crime Stoppers	Laws of 2007, CH 21, Sec 35, Item 23
Student Support Services-Hondo	Laws of 2007, CH 21, Sec 35, Item 24
Student Support-Cloudcroft	Laws of 2007, CH 21, Sec 35, Item 25
Athletics at Roswell HS	Laws of 2007, CH 21, Sec 35, Item 26
Program Services at Roswell HS	Laws of 2007, CH 21, Sec 35, Item 27
Athletic Programs-Roswell Independent Schools	Laws of 2007, CH 21, Sec 35, Item 28
Saturday School Program-Grants	Laws of 2007, CH 21, Sec 35, Item 29
Behavior Modification-Pecos	Laws of 2007, CH 21, Sec 35, Item 30
School Transportation Safety & Equipment Training	Laws of 2007, CH 21, Sec 35, Item 31
Civics & Government in Elementary & Secondary Schools	Laws of 2007, CH 21, Sec 35, Item 32
Violence Prevention-West Las Vegas HS & Robertson HS	Laws of 2007, CH 21, Sec 35, Item 33
Science Education Improvement-Santa Fe	Laws of 2007, CH 21, Sec 35, Item 34
College Readiness-Los Lunas	Laws of 2007, CH 21, Sec 35, Item 35
Nuestras Acequias Video	Laws of 2007, CH 21, Sec 35, Item 36
Summer Enrichment Program-Espanola	Laws of 2007, CH 21, Sec 35, Item 37
After School Learning Center-Mountainair	Laws of 2007, CH 21, Sec 35, Item 38
Newly Defined Mission-Taos HS	Laws of 2007, CH 21, Sec 35, Item 39
After School Program-Espanola	Laws of 2007, CH 21, Sec 35, Item 40
After School Program-Pojoaque	Laws of 2007, CH 21, Sec 35, Item 41
Basketball Tickets	Laws of 2007, CH 21, Sec 35, Item 42
Youth Court-Santa Fe	Laws of 2007, CH 21, Sec 35, Item 43
After School Math & Reading Tutoring-Belen	Laws of 2007, CH 21, Sec 35, Item 44
Fiesta Educativa Parent Conference-Gadsden	Laws of 2007, CH 21, Sec 35, Item 14
Obesity (Before and After School Nutrition & PE)	Laws of 2007, CH 21, Sec 35, Item 21
Summer Camp	Laws of 2007, CH 28, Sec 5, Item 96
SPED Alternative Assessment & Test Development	Laws of 2007, CH 28, Sec 5, Item 97
NM Executive Educator Turnaround	Laws of 2007, CH 28, Sec 5, Item 98
Temp Cash Flow to RECs	Laws of 2007, CH 28, Sec 5, Item 99
School Breakfast for Elementary Students	Laws of 2007, CH 28, Sec 5, Item 100
11th grade exit exams	Laws of 2007, CH 28, Sec 5, Item 102

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Financial Statements - continued**

<u>Budget Authority</u>	<u>Total Expended to Date</u>	<u>Accounts Payable</u>	<u>Outstanding Encumbrances</u>	<u>Unencumbered Balance</u>
\$ 2,000,000	670,027	1,005,484	324,489	-
2,000,000	2,000,000	-	-	-
250,000	19,357	16,691	213,952	-
2,000,000	1,418,057	347,405	234,538	-
230,000	-	13,729	216,271	-
21,000	-	21,000	-	-
34,000	5,371	5,354	23,275	-
20,000	14,423	5,568	9	-
11,000	11,000	-	-	-
15,000	-	15,000	-	-
75,000	-	-	75,000	-
10,000	-	9,444	556	-
10,000	-	-	-	10,000
15,000	-	15,000	-	-
17,000	-	-	-	17,000
40,000	40,000	-	-	-
155,000	96,442	30,633	27,925	-
25,000	16,949	-	-	8,051
30,000	20,414	9,586	-	-
97,000	-	-	97,000	-
25,000	-	-	25,000	-
35,000	3,789	-	31,211	-
60,000	4,381	-	55,619	-
5,000	-	5,000	-	-
50,000	-	50,000	-	-
75,000	48,970	6,806	19,224	-
15,000	-	15,000	-	-
650,000	-	223,012	-	-
175,000	-	132,751	42,249	-
500,000	239,083	260,917	-	-
150,000	-	-	-	150,000
1,050,000	1,050,000	-	-	-
400,000	400,000	-	-	-
1,500,000	-	-	1,500,000	-

**8. SPECIAL STATE APPROPRIATIONS - continued**

**79000 REVERTING FUNDS - continued:**

<b>Appropriation Description</b>		<b>Legislation</b>
Student Assessment Criterion & Reference Test		Laws of 2006, CH 109, Sec 5, Item 109
STARS		Laws of 2007, CH 28, Sec 28 & Sec 7
REC Operations		Laws of 2006, CH 109, Sec 5, Item 113
Pre-K Start Up		Laws of 2006, CH 109, Sec 5, Item 121
Math & Science Bureau		Laws of 2006, CH 110, Sec 31, Item 1
Los Lunas School Reform		Laws of 2006, CH 110, Sec 31, item 15
School Improvement Framework		Laws of 2006, CH 109, Sec 5, Item 117
Summer Reading & Math Institutes		Laws of 2006, CH 109, Sec 5, Item 116
Obesity Program		Laws of 2005, CH 34, Sec 9
00500	Schools in Need of Improvement	SchLaws of 2007, CH 28, Sec 4, Item K
00500	Schools in Need of Improvement	SchLaws of 2006, CH 109, Sec 4
33400	Family Youth Resource	Laws of 2007, CH 28, Sec 4, Item I, Sp App G
33400	Family Youth Resource	Laws of 2006, CH 109, Sec 4
56200	Professional Development	Laws of 2007, CH28, Sec 4, Item K
56200	Professional Development	Laws of 2006, CH 109, Sec 5, Item 123
56800	Incentives for School Improvement	Laws of 2006, CH 109, Sec 4
56800	Incentives for School Improvement	Laws of 2005, CH 33, Sec 4
58600	Reading Materials Fund	Laws of 2006, CH 110, Section 31, Item 5
58600	Reading Materials Fund	Laws of 2006, CH 111, Sec 4
66200	Educational Technology	Laws of 2007, CH 28, Sec 4, Item K
66200	Educational Technology	Laws of 2006, CH 109, Sec 4
66200	Educational Technology	Laws of 2005, CH 33, Sec 4
47000	Charter Stimulus	
51300	Pre-Kindergarten	Laws of 2007, CH28, It I, Sp App H
51300	Pre-Kindergarten	Laws of 2006, CH 109, Sec 4
51300	Pre-Kindergarten	Laws of 2005, CH 33, Sec 5
63300	Indian Education-633-0400	Laws of 2007, CH 28, Sec 4, Item I Sp App F
63300	Indian Education-633-0400	Laws of 2006, CH 109, Sec 4

**TOTAL ADDITIONAL FUNDS**

**TOTAL FUNDS**

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Financial Statements - continued**

	<b>Budget Authority</b>	<b>Total Expended to Date</b>	<b>Accounts Payable</b>	<b>Outstanding Encumbrances</b>	<b>Unencumbered Balance</b>
\$	2,730,040	2,715,855	-	-	14,185
	3,324,304	1,480,966	1,143,447	654,616	45,275
	75,000	75,000	-	-	-
	131,773	72,689	-	-	59,084
	6,642	2,178	-	-	4,464
	42,148	30,292	-	11,606	250
	603,161	603,161	-	-	-
	216,019	216,019	-	-	-
	627	-	627	-	-
	2,500,000	591,644	1,027,761	-	880,595
	128,966	128,966	-	-	-
	1,500,000	479,736	519,099	-	501,165
	225,125	225,125	-	-	-
	2,500,000	1,606,701	731,454	-	161,845
	180,595	180,595	-	-	-
	342,422	330,730	11,692	-	-
	4,385,284	4,385,284	-	-	-
	610,769	547,781	62,988	-	-
	18,772	18,772	-	-	-
	6,000,000	5,965,746	-	-	34,254
	4,219,900	4,219,900	-	-	-
	30,900	30,900	-	-	-
	431,000	396,000	35,000	-	-
	5,000,000	3,298,767	-	-	1,701,233
	1,621,876	451,336	1,170,540	-	-
	478,530	478,530	-	-	-
	2,500,000	-	-	-	2,500,000
	<u>3,354,871</u>	<u>2,659,426</u>	<u>695,445</u>	-	-
	<u>36,029,010</u>	<u>25,995,939</u>	<u>4,253,979</u>	-	<u>5,779,092</u>
\$	<u>36,464,010</u>	<u>26,399,728</u>	<u>4,253,979</u>	<u>31,211</u>	<u>5,779,092</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Notes to Financial Statements - continued

**9. COMMITMENTS AND CONTINGENCIES**

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

• **Litigation**

There are several pending and/or threatened lawsuits in which the Department is involved. Generally, these matters are insured by the Risk Management Division (RMD) of the New Mexico General Services Department. The Department's attorneys estimate that the potential claims against the Department not covered by insurance resulting from such litigation would not materially affect the financial statements of the Department.

• **Lease Commitments**

The Department has commitments for office space and equipment under operating lease agreements. Lease terms for office space range from one to twenty years and generally contain renewal options. Lease terms for office equipment range from one to five years. Rental expenditures for the year ended June 30, 2008, totaled \$3,850,244. Future minimum lease payments are as follows:

Years ending June 30,	<u>PED</u>	<u>DVR/DDS</u>	<u>Total</u>
2009	\$ 489,096	1,794,400	2,283,496
2010	242,828	1,789,500	2,032,328
2011	53,240	1,610,200	1,663,440
2012	2,826	1,611,700	1,614,526
2013	-	1,543,700	1,543,700
2014-2018	<u>787,990</u>	<u>7,259,300</u>	<u>8,047,290</u>
Total	\$ <u>1,575,980</u>	<u>15,608,800</u>	<u>17,184,780</u>

**10. DEFERRED COMPENSATION**

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State of New Mexico employees and those local government and school district employees whose employers have elected participation in the plan, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.



**10. DEFERRED COMPENSATION - continued**

Plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. All amounts of compensation deferred under such plans, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are solely the property of the plan participants and their beneficiaries. The Department does not participate in the administration of these plans and it is the opinion of the Department's counsel that the Department has no liability for any losses that may arise as a result of participation in such plans. Neither the Department nor the State of New Mexico makes any contributions to the deferred compensation plan. All contributions withheld from participants by DFA have been paid to the appropriate compensation plan.

**11. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

• **Plan Description**

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

• **Funding Policy**

Plan members are required to contribute from 4.78% to 7.42% of their gross salary. The Department is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the fiscal years ending June 30, 2008, 2007 and 2006 were \$3,592,585, \$3,355,549 and \$3,046,040, respectively, which equal the amount of the required contributions for each fiscal year.

**12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

• **Plan Description**

Substantially all of the Department's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a

**12. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD - continued**

• **Plan Description - continued**

separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

• **Funding Policy**

Plan members are required to contribute 7.42% of their gross salary. The Department is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011, when the employer contribution will be 13.9%. The contribution requirements of plan members and the Department are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to ERB for the fiscal years ending June 30, 2008, 2007, and 2006, were \$731,386, \$658,597, and \$623,013, respectively, which equal the amount of the required contributions for each fiscal year.

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

• **Plan Description**

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

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

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

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

• **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](http://www.nmrhca.state.nm.us).

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

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

The Department's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$118,283, \$125,000 and \$123,080, respectively, which equal the required contributions for each year.

**14. RISK MANAGEMENT**

The Department, 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 by the Department to the Risk Management Division for coverage provided in the following areas:

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

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Financial Statements - continued**

**14. RISK MANAGEMENT - continued**

At June 30, 2008, the Department had no claims that Risk Management Division returned as not covered, which would become the responsibility of the Department. To obtain the separately issued financial statements, contact General Services Department, PO Box 26110, Santa Fe, New Mexico 87502-6110.

**15. REVERSIONS**

The following funds are reverting and the Department provided a liability for reversions listed in the operating statements as follows:

	<b>Appropriation</b>	<b>Reversion</b>
2008 Appropriations:		
Fund 79000, Special Projects	\$ 40,378,220	1,836,871
Fund 84400, Federal Department of Education Admin.	107,007	2,492
Fund 05700, General Fund	15,123,903	60,704
Fund 81600, Special Capital Outlay Severance Tax Bonds 2004	-	77,850
Fund 81800, Special Capital Outlay General Fund	19,320,000	960,839
Fund 85800, Public School Support Flowthrough	<u>2,379,199,635</u>	<u>2,965,077</u>
 Total 2008 Appropriations	 \$ <u>2,454,128,765</u>	 <u>5,903,833</u>

**16. SPECIAL REVENUE AND CAPITAL PROJECT FUNDS**

**SHARE Fund**

**Special Revenue**

20160 Educational Technology Deficiencies Correction. Money in the fund is appropriated for the purpose of implementing the provisions of the Technology for Education Act (NMSA 1978 § 22-15A-1). This is a state funded project (NMSA 1978 § 22-15A-8 and NMSA 1978 § 22-15A-11). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

28000 Access-to-Telework Funds (ATF). The ATF is a permanent loan guarantee fund comprised of a one-time Federal Grant that has a 10% State match. The funds are deposited in an interest-bearing account in the State Treasury depository. The purpose of the grant is to make loans available to persons with disabilities at affordable rates and/or terms to acquire devices and equipment designed to assist them with small businesses or working from remote locations. Appropriations to this fund do not revert to another fund at the end of the appropriation period. (Laws of 2008, Chapter 3, Section 4(1))

16. SPECIAL REVENUE AND CAPITAL PROJECT FUNDS

**SHARE Fund - continued**

**Special Revenue - continued**

- 33400 Family Youth. The purpose of this fund is to provide an intermediary for students and their families at public schools to access social and health care services (NMSA 1978, 22-2D-3). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 39700 Educator Certification. Educator Certification funds are collected from application fees for certification or for renewal of certification by the Public Education Department of New Mexico. Monies in the fund are for the purpose of funding the educator background check program (NMSA 1978, § 22-10-4.1). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 45800 Adult Basic Education. The Adult Basic Education fund is used to account for all financial activities of the adult basic education program. The fund was established by an act of the New Mexico State Legislature (NMSA 1978, 22-8-30.1). Appropriations to this fund do not revert to another fund at the end of the appropriation period. Amounts were transferred to New Mexico Higher Education Department.
- 47000 Charter School Stimulus. To account for state general fund appropriations to be used to stimulate charter schools (NMSA 1978, 22-8B-14). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 51300 Pre-Kindergarten. The purpose of this fund is to address the total developmental needs of preschool children, including physical, cognitive, social and emotional needs, and shall include healthcare, nutrition, safety and multicultural sensitivity (NMSA 1978, 32A-23-4). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 56200 Professional Development. The Teacher Professional Development Fund is to provide professional development programs and projects for public school teachers (NMSA 1978, 22-8-45). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 56800 Incentive for School Improvement. Incentive for School Improvement are funds from the State General Fund appropriated to the Department. The fund is used to account for financial incentives to individual schools that exceed expected academic performance (NMSA 22-2C-10). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

16. SPECIAL REVENUE AND CAPITAL PROJECT FUNDS - continued

SHARE Fund - continued

Special Revenue - continued

- 63300 Indian Education Act. To gain tribal involvement and to ensure the maintenance of native languages (NMSA 22-23A-8). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 63900 Kindergarten Plus. The purpose of the fund is to deposit grants and donations for the “Kindergarten Plus” pilot project. Money shall be expended in accordance with the terms of the grants and donations. Unless otherwise specified by the terms of the grant or donation, money in the fund at the end of the pilot project shall revert to the general fund. There have not been any grants and donations and in FY 07 appropriations have been returned to the Special Appropriations Fund 79000. 22-2-20 created a three-year study which was extended into a six-year study during the 2006 Legislative Session (HB 43).
- 66000 Instructional Materials Adoption. The purpose of this fund is to provide for the review and adoption of instructional materials from the collection of publishers fees (NMSA 22-15-8-1). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 66200 Education Technology. Education Technology are funds from the State General Fund appropriated to the Department. The fund is used to account for all financial resources of the 1994 Education Technology program. This is a state-funded project (NMSA 1978, § 22-15A-1 to 22-15A-10). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 66900 School Library. To account for the replacement and purchase of new library materials (NMSA 22-15C-3). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 67200 Federal School Food Services Flowthrough. The Federal School Food Services Flowthrough fund is used to account for federal grants to New Mexico schools for food services. The Department, as fiscal agent for the United States Department of Agriculture, is responsible for disbursing funds for such services in accordance with individual grant requirements (Title 7, Code of Federal Regulations Parts 210 and 245). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

16. SPECIAL REVENUE AND CAPITAL PROJECT FUNDS - continued

**SHARE Fund - continued**

**Special Revenue - continued**

- 67300 Federal Public Education Department Flowthrough. The Federal Public Education Department Flowthrough fund is used to account for various grants from the United States Public Education Department (USDE) to New Mexico schools. The Department is responsible for the disbursement of such funds in accordance with USDE requirements (Title 34, Code of Federal Regulations). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 72500 Public Building Energy Efficiency Act. Public Building Energy Efficiency Act are funds from the State General Fund appropriated from the State Equalization Guarantee Fund that are distributed by the Department to participating school districts (NMSA 1978, § 6-23 and § 22-8-25). This is a reverting fund.
- 79000 Special Projects. The Special Projects Flowthrough fund accounts for the receipts and disbursements of state special appropriations for a variety of projects established by the Legislature (48th Legislature, 1st Session, Chapter 28). This is a reverting fund.
- 85600 Instructional Materials Flowthrough. The Instructional Material Flowthrough fund accounts for monies for the purchase of textbooks and instructional materials, as appropriated by the New Mexico Legislature, and consists of monies from receipts of the Federal Mineral Lands Leasing Act. Revenues are received in this fund by the Department, as fiscal agent, and subsequently are disbursed for the benefit of the individual schools in New Mexico (NMSA 1978, § 22-15-1 to 22-15-25). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 85700 State Support Reserve. The State Support Reserve fund is used to augment the appropriations for the State Equalization Guarantee distribution in order to ensure to the extent of the amount undistributed in the fund that the maximum figures for such distribution established by law shall not be reduced. ((NMSA 1978, § 22-8-31). Appropriations to this fund do not revert to another fund at the end of the appropriation period.
- 85800 Public School Support Flowthrough. The Public School Support Flowthrough fund is used in the accounting of distributions to school districts for the State Equalization Guarantee, Transportation and Supplemental Distributions programs. Financing is provided through State General Fund appropriations (NMSA 1978, § 22-8-14). This is a reverting fund.

16. SPECIAL REVENUE AND CAPITAL PROJECT FUNDS - continued

**SHARE Fund - continued**

**Special Revenue - continued**

88900 Transportation Emergency. This fund is used to make distributions of state funds to districts experiencing transportation emergencies (NMSA 1978, 28-8-29.6). Appropriations to this fund do not revert to another fund at the end of the appropriation period.

**Capital Projects**

29100 Special Capital Outlay - General Fund (1995). The fund, established in 1995, accounts for State General Fund appropriations for special capital outlay projects (42<sup>nd</sup> Legislature, 1<sup>st</sup> Session, Chapter 222). Funds remaining after the completion of capital projects are to be reverted.

38700 Special Capital Outlay - General Fund (1996). The fund, established in 1996, accounts for general fund appropriations for special capital outlay projects (42<sup>nd</sup> Legislature, 1<sup>st</sup> Session, Chapter 4). Funds remaining after the completion of capital projects are to be reverted.

46800 Special Capital Outlay - Severance Tax Bonds (1999). The fund, established in 1999, accounts for severance tax bonds appropriated for special capital outlay projects (44<sup>th</sup> Legislature, 1<sup>st</sup> Special Session, Chapter 2). Funds remaining after the completion of capital projects are to be reverted.

54000 Special Capital Outlay - Severance Tax Bonds (1998). The fund, established in 1998, accounts for severance tax bonds appropriated for special capital outlay projects (44<sup>th</sup> Legislature, Chapter 222). Funds remaining after the completion of capital projects are to be reverted.

54100 Special Capital Outlay - Severance Tax Bonds (1998). The fund, established in 1998, accounts for severance tax bonds appropriated for special capital outlay projects (44<sup>th</sup> Legislature, Chapter 2). Funds remaining after the completion of capital projects are to be reverted.

54200 Special Capital Outlay - Severance Tax Bonds (1998). The fund, established in 1998, accounts for severance tax bonds appropriated for special capital outlay projects (44<sup>th</sup> Legislature, Chapter 2). Funds remaining after the completion of capital projects are to be reverted.

54300 Special Capital Outlay - Severance Tax Bonds (1998). The fund, established in 1998, accounts for severance tax bonds appropriated for special capital outlay projects (44<sup>th</sup> Legislature, Chapter 2). Funds remaining after the completion of capital projects are to be reverted.



16. SPECIAL REVENUE AND CAPITAL PROJECT FUNDS - continued

SHARE Fund - continued

Capital Projects - continued

- 63400 Public School Capital Improvements. The Public School Capital Improvements fund accounts for the proceeds from bond sales issued under the provisions of the Public School Capital Improvements Act (NMSA 1978, § 22-25-1 and 22-25-10). Funds remaining after the completion of capital projects are to be reverted.
- 63500 Public School Capital Outlay (Other). The Public School Capital Outlay fund accounts for the proceeds from bond sales issued under the provisions of the Public School Capital Improvements Act (NMSA 1978, § 22-24-1 and 22-254-6). Funds remaining after the completion of capital projects are to be reverted.
- 63600 Kindergarten Capital Funding. The fund accounts for distributions in support of kindergarten capital projects (Laws of 2001, SB 167, Chapter 338). Funds remaining after the completion of capital projects are to be reverted.
- 66100 Special Capital Outlay – Severance Tax Bonds (1994). The fund, established in 1994, accounts for severance tax bonds appropriated for special capital outlay projects (41<sup>st</sup> Legislature, 2<sup>nd</sup> Session, Chapter 148). Funds remaining after the completion of capital projects are to be reverted.
- 81300 Special Capital Outlay – Severance Tax Bonds (2000). The fund, established in 2000, accounts for severance tax bond proceeds appropriated for special capital outlay projects (Laws of 2000, Chapter 23, Section 16). Funds remaining after the completion of capital projects are to be reverted.
- 81600 Special Capital Outlay – Severance Tax Bonds (2004). The fund, established in 2004, accounts for severance tax bond proceeds appropriated to the Public Education Department. Funds remaining after the completion of capital projects are to be reverted.
- 81800 Special Capital Outlay – General Fund (2000). The fund, established in 2000, accounts for general fund appropriations for special capital outlay projects (Laws of 2000, Chapter 23, Section 45). Funds remaining after the completion of capital projects are to be reverted.

16. SPECIAL REVENUE AND CAPITAL PROJECT FUNDS - continued

**SHARE Fund** - continued

**Capital Projects** - continued

99500 NM Government Education Fund. The purpose of the fund is to provide appropriations to the Department to contract for annual, week-long, high school civics courses focusing on New Mexico state government for boys and girls to be held at varying post-secondary educational institutions in New Mexico. Appropriations to this fund do not revert to another fund at the end of the appropriation period (22-8-47, NMSA 1978).

**STATE OF NEW MEXICO  
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**Notes to Financial Statements - continued**

**17. JOINT POWERS AGREEMENT DISCLOSURE**

The Department was party to the following Joint Powers Agreements during the fiscal year:

<b>Contractor</b>	<b>Scope of Work</b>	<b>Responsible Party</b>	<b>Total Amount of Contract</b>	<b>Ending Date</b>
High Plains Regional Education Coop #3	Implementation of 3-Tier Teacher Licensure System	PED	\$200,000	09/28/07
WNMU	Professional Dev. to NM Math Teachers	PED	\$277,000	09/30/08
NMSU	Professional Dev. to NM Math Teachers	PED	\$975,000	09/30/08
NMSU	Professional Dev. to NM Math Teachers	PED	\$975,000	09/30/08
REC IX	NM Reading First Program Support	PED	\$897,681	06/30/08
SFPS	Service Learning Programs	PED	\$120,000	06/30/09
Museum of Indian Arts & Culture	Indian History Curricula Guide	PED	\$85,000	06/30/08
Taos Municipal Schools	Provide Service Learning Program	PED	\$41,835	06/30/09
Las Vegas City School District	Provide Service Learning Program	PED	\$120,000	06/30/09
APS East Mountain	Service Learning Project	PED	\$41,835	06/30/09
Gallup McKinley	Program Devopment for 3 Reg. Quality Ctr.	PED	\$300,000	06/30/08
NMHU	Educational Testing Services	PED	\$90,597	12/30/07
NMSU	Professional Development for NM Teachers	PED	\$500,000	06/30/08
NMSU	Summer Institutes: Reading/Math/Science	PED	\$300,000	06/30/08
ENMU	Schools in Need of Improvement	PED	\$540,000	06/30/08
Pueblo of Santa Ana	Revitalize the Keres Language	PED	\$35,339	06/30/08
Pueblo of Isleta	Revitalize the Tiwi Language	PED	\$50,000	06/30/08
Pueblo of Isleta	Data Management System	PED	\$50,000	06/30/08
Pueblo of Nambe	Tribal Education Support Services	PED	\$50,000	06/30/08
Mescalero Apache Tribe	Tribal Education Support Services	PED	\$50,000	06/30/08
Santo Domingo Tribe	Revitalize Santo Domingo Keres Language	PED	\$50,000	06/30/08
Pueblo of San Felipe	Revitalize Santo Domingo Keres Language	PED	\$50,000	06/30/08
Pueblo of Acoma	Revitalize Acoma Language	PED	\$50,000	06/30/08
REC #3	Summer Institute for Transition Planning	PED	\$184,264.00	06/30/08
REC #9	Summer Literacy Camp	PED	\$150,000	06/30/08
Laguna Department of Education	Tribal Education Support Services	PED	\$50,000	06/30/08
REC #9	Career Technical Student Organization	PED	\$499,058	06/30/08
Pueblo of Cochiti	Revitalize Native Language	PED	\$50,000	06/30/08
Pueblo of Pojoaque	Support Service of Tribal Dept.	PED	\$49,899	06/30/08

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Financial Statements - continued**

**17. JOINT POWERS AGREEMENT DISCLOSURE - continued**

<b>Contractor</b>	<b>Scope of Work</b>	<b>Responsible Party</b>	<b>Total Amount of Contract</b>	<b>Ending Date</b>
Santa Clara Pueblo	Identify Tewa Language Work Group	PED	\$50,000	06/30/08
Mescalero Apache Tribe	Maintain Mescalero Apache Native Language	PED	\$50,000	06/30/08
Pueblo of Tesuque	Support Tribal Department of Education	PED	\$50,000	06/30/08
ENMU	Reading, Math & Science Institute	PED	\$500,000	09/30/08
Laguna Department of Education	Implement Laguna Keres Language	PED	\$50,000	06/30/08
Pueblo of Jemez	Implement Jemez Tewa Language	PED	\$50,000	06/30/08
Pueblo of Jemez	Support Tribal Department of Education	PED	\$50,000	06/30/08
REC #9	2-Day Fall Workshop	PED	\$95,860	06/30/08
Gallup McKinley	Strengthening Quality Schools (SQS)	PED	\$540,000	06/30/08
Sandoval County	Truancy Dropout Prevention Program	PED	\$50,000	06/30/08
Mescalero Apache Tribe	Exemplary Academic Program	PED	\$50,000	06/30/08
School for the Deaf	Career Technical Education	PED	\$30,000	06/30/08
APS	Summer Science Institute	PED	\$150,000	06/30/08
NMSU	Support CeBEIL	PED	\$125,000	06/27/08
Socorro Consolidated	Implement GRADS System	PED	\$1,000,000	06/30/08
School for the Visually Impaired	Implement Program in Career Cluster of Manufacturing	PED	\$30,000	06/30/08
NMSU	Consulting & Training for CATCH Sites	PED	\$100,000	06/30/08

All agreements are entered via Joint Power Agreements. There are no Memorandum of Understanding Agreements.

STATE OF NEW MEXICO  
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Notes to Financial Statements - continued

18. TRANSFERS IN AND TRANSFERS OUT

Agency	Fund	Transfers In	Transfers Out
DFA	57300	\$ -	850,000
PED	85800	\$ 850,000	-

The transfer in from New Mexico Department of Finance and Administration (DFA) was for Driver Safety Fees to PED's Public School Support Flowthrough.

19. RESTATEMENTS

To comply with Governmental Accounting Standards Board Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*, the Department has changed its accounting treatment of capital project appropriations financed with bond proceeds.

Prior to the change, the Department recognized — in the year the capital project appropriations were authorized by the Legislature — the entire amount of bond proceeds related to capital project appropriations. It also recognized a corresponding liability, due to project recipients, and the expenditure related to that. It did not take into account the impact of eligibility requirements. Under the modified accrual basis of accounting, GASB 33 requires that the recognition of revenues and expenditures occur only when all applicable eligibility requirements have been met. Since all of the eligibility requirements established by the State Board of Finance had not been met by the end of last fiscal year, the Department's recognition of bond proceeds and the related liability to recipients was premature.

As a result of the restatements, the June 30, 2007 fund balances were restated as follows:

Fund	Increase/ Decrease
63400	\$ 5,360,455
63500	(364,695)
81600	151,102
81800	91,021,990
46800	(186,377)
54200	34
54300	25,624
63600	488,827
66100	26,670
81300	<u>109,858</u>
	\$ <u>93,209,092</u>

**19. RESTATEMENTS - continued**

The net assets had the same restatement. As a result, the June 30, 2007 restatement increased net assets by \$93,209,092.

To correct the balance for Federal accounts receivable based on the federal share (78%) of Vocation Rehabilitation Services, the prior year receivable calculation overstated receivables by \$3,595,390. As a result of the restatement, the June 30, 2007, fund balance in the 50000 Vocational Rehabilitation Fund was decreased by \$3,595,390.

**20. BUDGETS AND BUDGETARY ACCOUNTING**

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

**21. MODIFIED ACCRUAL**

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to Governmental Accounting Standards Board Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

**22. COMPONENT UNITS**

The following are dependent charter schools formed under NMSA 22-8A, and as such are presented here as discrete component units of New Mexico Public Education Department:

- Cottonwood Classical Preparatory School (CCPS)
- Media Arts Collaborative Charter School (MACCS)

The charter schools are presented as component units since their operating budgets and charters are annually presented and approved by the Public Education Commission. The New Mexico State Auditor has determined that charter schools are major component units of PED. Refer to previous footnotes for significant policies of the charter schools, as they are subject to the same State and Federal

22. **COMPONENT UNITS - continued**

regulations and follow the same policies as PED. The following are summarized details of the charter schools' balances and transactions as of June 30, 2008, and for the year then ended:

- **Cash and Cash Equivalents**

State statutes authorize the investment of PED funds in a wide variety of instruments, including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of PED properly followed State investment requirements as of June 30, 2008.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the schools. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

- **Deposits**

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for at least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

STATE OF NEW MEXICO  
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Notes to Financial Statements - continued

22. COMPONENT UNITS - continued

- **Deposits - continued**

Cash and cash equivalents consists of the following at June 30, 2008:

		MArts
Deposits:		
Total amount of deposits	\$	58,367
FDIC coverage		<u>(58,367)</u>
 Total uninsured public funds	 \$	 <u><u>          -</u></u>

- **Commitments and Liabilities**

MACCS. The school leases various equipment and facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2008, was \$27,000. Future minimum lease payments are as follows:

Years ending June 30:		
2009	\$	165,000
2010		165,000
2011		<u>165,000</u>
 Total	 \$	 <u><u>495,000</u></u>

MACCS entered into a lease for a building for three years ending June 30, 2011, with two successive one-year renewable options.

- **Related Party Transactions**

The following school had related party transactions requiring disclosure:

CCPS. In discussion with management, there were related party transactions during the 2008 fiscal year. CCPS entered into a contract in the amount of \$22,500 for advertising services with the spouse of a member of the Governing Council.

- **Budgetary Basis of Accounting**

The actual results of operations are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Modified Accrual Budgetary Basis) – All Governmental Fund Types, in accordance with the budgetary basis of accounting to provide a meaningful comparison of actual results to the budget.



22. COMPONENT UNITS - continued

• **Budgetary Basis of Accounting - continued**

Budgetary comparisons are presented in the balanced presentation format whereby the excess (deficiency) of revenues over expenditures is reflected as beginning Cash Balance budgeted. The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP); and
2. Generally, expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP). However, budgetary expenditures include amounts paid within ten days of fiscal year end and salaries and benefits attributable to services provided during the fiscal year. The non-budgeted accounts and funds primarily consist of the adjustment to record the state instructional materials credit.

**SUPPLEMENTARY INFORMATION**

AS OF JUNE 30, 2008

	28000 Access-to- Telework Funds	33400 Family Youth	39700 Educator Certification	45800 Adult Basic Education
<b>ASSETS:</b>				
Investment in State General Fund				
Investment Pool	\$ 865,203	1,650,037	812,991	122,564
Federal grants receivable	-	-	-	-
Bond proceeds receivable	-	-	-	-
Due from state general fund	-	-	-	25,733
Due from other state agencies	-	11,212	-	-
Due from local education agencies	-	42,286	49,178	-
Due from external miscellaneous parties	1,492	-	-	-
Due from State Board of Finance	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	1,291	-	819	-
<b>TOTAL ASSETS</b>	<b>\$ 867,986</b>	<b>1,703,535</b>	<b>862,988</b>	<b>148,297</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
State warrants	\$ -	-	150	-
Vouchers payable	-	-	-	-
Accounts payable	8,131	519,100	64,976	-
Accrued payroll and taxes	23	-	14,580	-
Due to State Treasurer's Office	-	-	-	-
Due to state general fund	-	-	-	-
Due to other state agencies	263	-	-	-
Due to federal government	-	-	-	148,297
Due to local education authorities	-	-	-	-
Deferred revenue	674,175	-	-	-
Due to other funds	227	-	-	-
Other liabilities	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>682,819</b>	<b>519,100</b>	<b>79,706</b>	<b>148,297</b>
<b>FUND BALANCES:</b>				
Reserved	-	-	-	-
Unreserved	185,167	1,184,435	783,282	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>185,167</b>	<b>1,184,435</b>	<b>783,282</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 867,986</b>	<b>1,703,535</b>	<b>862,988</b>	<b>148,297</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Combining Balance Sheet -  
Non-Major Governmental Funds

47000 Charter School Stimulus	51300 Pre- Kindergarten	56200 Professional Development	56800 Incentive for School Improvement	58600 Reading Materials	63300 Indian Education Act
620,740	2,647,400	1,041,117	229,022	258,312	4,569,913
-	-	-	-	-	-
-	-	-	-	-	-
-	22,156	10,125	34,189	-	-
-	-	101,029	-	-	110,442
-	-	-	-	-	-
-	-	-	-	-	-
-	(626)	-	-	-	540
<u>620,740</u>	<u>2,668,930</u>	<u>1,152,271</u>	<u>263,211</u>	<u>258,312</u>	<u>4,680,895</u>
-	-	-	-	-	1,384
-	-	-	-	-	-
35,000	801,626	731,454	11,692	62,987	695,509
-	46,401	-	-	-	(33,180)
-	-	3,665	-	-	-
-	-	-	-	-	-
-	387,665	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>35,000</u>	<u>1,235,692</u>	<u>735,119</u>	<u>11,692</u>	<u>62,987</u>	<u>663,713</u>
-	-	-	-	-	-
<u>585,740</u>	<u>1,433,238</u>	<u>417,152</u>	<u>251,519</u>	<u>195,325</u>	<u>4,017,182</u>
<u>585,740</u>	<u>1,433,238</u>	<u>417,152</u>	<u>251,519</u>	<u>195,325</u>	<u>4,017,182</u>
<u>620,740</u>	<u>2,668,930</u>	<u>1,152,271</u>	<u>263,211</u>	<u>258,312</u>	<u>4,680,895</u>

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AS OF JUNE 30, 2008

	63900	66000	66200	66900
	Kindergarten Plus	Instructional Materials Adoption	Education Technology	School Library
<b>ASSETS:</b>				
Investment in State General Fund				
Investment Pool	\$ 87,093	140,748	554,047	120,944
Federal grants receivable	-	-	-	-
Bond proceeds receivable	-	-	-	-
Due from state general fund	-	-	-	-
Due from other state agencies	507	860	-	-
Due from local education authorities	-	-	-	-
Due from external miscellaneous parties	-	-	-	-
Due from State Board of Finance	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 87,600</b>	<b>141,608</b>	<b>554,047</b>	<b>120,944</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
State warrants	\$ -	-	-	-
Vouchers payable	-	-	-	-
Accounts payable	-	6,870	-	-
Accrued payroll and taxes	-	-	-	-
Due to State Treasurer's Office	-	-	-	-
Due to state general fund	-	-	-	-
Due to other state agencies	-	-	-	-
Due to federal government	-	-	-	-
Due to local education authorities	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
Other liabilities	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>6,870</b>	<b>-</b>	<b>-</b>
Reserved for encumbrances				
<b>FUND BALANCES:</b>				
Reserved	-	-	-	-
Unreserved	87,600	134,738	554,047	120,944
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>87,600</b>	<b>134,738</b>	<b>554,047</b>	<b>120,944</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 87,600</b>	<b>141,608</b>	<b>554,047</b>	<b>120,944</b>

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See Independent Auditors' Report.

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Combining Balance Sheet -  
Non-Major Governmental Funds - continued

72500 Public Building Energy Efficiency Act	85600 Instructional Materials Flowthrough	85700 State Support Reserve	88900 Transportation Emergency	00500 Schools in Need of Improvement	20160 Ed Tech Correction Deficiency Fund	29100 Special Capital Outlay-General Fund 1995
139,452	4,376,335	1,000,000	341,098	2,714,830	3,313,981	40,647
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	17,023	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,702	-	-	-	-	-
<u>139,452</u>	<u>4,383,037</u>	<u>1,000,000</u>	<u>341,098</u>	<u>2,731,853</u>	<u>3,313,981</u>	<u>40,647</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,398,167	-	64,683	1,027,761	164,439	-
-	-	-	-	-	-	-
-	-	-	-	-	-	40,647
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>139,452</u>	<u>1,984,870</u>	<u>1,000,000</u>	<u>276,415</u>	<u>1,704,092</u>	<u>3,149,542</u>	<u>-</u>
<u>139,452</u>	<u>1,984,870</u>	<u>1,000,000</u>	<u>276,415</u>	<u>1,704,092</u>	<u>3,149,542</u>	<u>-</u>
<u>139,452</u>	<u>4,383,037</u>	<u>1,000,000</u>	<u>341,098</u>	<u>2,731,853</u>	<u>3,313,981</u>	<u>40,647</u>

AS OF JUNE 30, 2008

	38700 Special Capital Outlay-General Fund 1996	46800 Special Capital Outlay-Severance Tax Bonds 1999	54000 Special Capital Outlay-Severance Tax Bonds 1998	54100 Special Capital Outlay-Severance Tax Bonds 1998
<b>ASSETS:</b>				
Investment in State General Fund				
Investment Pool	\$ 168,912	8,010	2,950	82,429
Federal grants receivable	-	-	-	-
Bond proceeds receivable	-	-	-	-
Due from state general fund	-	-	-	-
Due from other state agencies	-	-	-	-
Due from local education authorities	-	-	-	-
Due from external miscellaneous parties	-	-	-	-
Due from State Board of Finance	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 168,912</b>	<b>8,010</b>	<b>2,950</b>	<b>82,429</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Stale warrants	\$ -	-	-	-
Vouchers payable	-	-	-	-
Accounts payable	-	-	-	-
Accrued payroll and taxes	-	-	-	-
Due to State Treasurer's Office	-	-	-	-
Due to state general fund	168,912	-	-	-
Due to other state agencies	-	8,010	2,950	82,429
Due to federal government	-	-	-	-
Due to local education authorities	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
Other liabilities	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>168,912</b>	<b>8,010</b>	<b>2,950</b>	<b>82,429</b>
Reserved for encumbrances				
<b>FUND BALANCES:</b>				
Reserved	-	-	-	-
Unreserved	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 168,912</b>	<b>8,010</b>	<b>2,950</b>	<b>82,429</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Combining Balance Sheet -  
Non-Major Governmental Funds - continued

54200 Special Capital Outlay-Severance Tax Bonds 1998	54300 Special Capital Outlay-Severance Tax Bonds 1998	63600 Kindergarten Capital Funding	66100 Special Capital Outlay-Severance Tax Bonds 1994	81300 Special Capital Outlay-Severance Tax Bonds 2000	Total
34	5,038	328,880	26,670	-	26,269,397
-	-	-	-	-	-
-	-	-	-	-	25,733
-	-	-	-	-	96,072
-	-	-	-	244,073	547,008
-	-	-	-	-	1,492
-	-	-	-	-	-
-	-	-	-	50,000	50,000
-	-	-	-	-	8,726
<u>34</u>	<u>5,038</u>	<u>328,880</u>	<u>26,670</u>	<u>294,073</u>	<u>26,998,428</u>
-	-	-	-	-	1,534
-	-	-	-	-	-
-	-	-	-	-	6,592,395
-	-	-	-	-	27,824
-	-	-	-	275,332	275,332
-	-	-	-	-	213,224
-	5,038	-	-	-	98,690
-	-	-	-	-	148,297
-	-	-	-	-	387,665
-	-	-	-	-	674,175
-	-	-	-	-	227
-	-	-	-	-	-
-	5,038	-	-	275,332	8,419,363
-	-	-	-	-	-
<u>34</u>	<u>-</u>	<u>328,880</u>	<u>26,670</u>	<u>18,741</u>	<u>18,579,065</u>
<u>34</u>	<u>-</u>	<u>328,880</u>	<u>26,670</u>	<u>18,741</u>	<u>18,579,065</u>
<u>34</u>	<u>5,038</u>	<u>328,880</u>	<u>26,670</u>	<u>294,073</u>	<u>26,998,428</u>



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AS OF JUNE 30, 2008

	28000 Access-to- Telework Funds	33400 Family Youth	39700 Educator Certification	45800 Adult Basic Education
<b>REVENUES:</b>				
Federal grants	\$ 149,729	-	-	-
Other revenue	<u>31,042</u>	<u>106,973</u>	<u>668,654</u>	<u>-</u>
<b>TOTAL REVENUES</b>	180,771	106,973	668,654	-
<b>EXPENDITURES:</b>				
Current:				
Education	-	1,223,961	906,322	-
Health and welfare	153,262	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	153,262	1,223,961	906,322	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	27,509	(1,116,988)	(237,668)	-
<b>OTHER FINANCING SOURCES (USES):</b>				
State general fund appropriations	-	1,500,000	-	-
Appropriations funded with State Severance Bond Proceeds	-	-	-	-
Reversions to State General Fund	-	-	-	-
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	27,509	383,012	(237,668)	-
<b>FUND BALANCE (DEFICIT), BEGINNING</b>	<u>157,658</u>	<u>801,423</u>	<u>1,020,950</u>	<u>-</u>
<b>RESTATEMENTS (NOTE 19)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, BEGINNING - RESTATED</b>	<u>157,658</u>	<u>801,423</u>	<u>1,020,950</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT), ENDING</b>	\$ <u>185,167</u>	<u>1,184,435</u>	<u>783,282</u>	<u>-</u>

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

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

<u>47000</u> <u>Charter</u> <u>School</u> <u>Stimulus</u>	<u>51300</u> <u>Pre-</u> <u>Kindergarten</u>	<u>56200</u> <u>Professional</u> <u>Development</u>	<u>56800</u> <u>Incentive</u> <u>for School</u> <u>Improvement</u>	<u>58600</u> <u>Reading</u> <u>Materials</u>	<u>63300</u> <u>Indian</u> <u>Education</u> <u>Act</u>
-	-	-	-	-	104,876
<u>2,257</u>	<u>251,970</u>	<u>129,415</u>	<u>179,443</u>	-	<u>500,448</u>
2,257	251,970	129,415	179,443	-	605,324
431,000	5,030,258	2,518,750	4,727,705	629,541	3,354,871
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
431,000	5,030,258	2,518,750	4,727,705	629,541	3,354,871
(428,743)	(4,778,288)	(2,389,335)	(4,548,262)	(629,541)	(2,749,547)
-	5,000,000	2,500,000	-	-	2,500,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	<u>5,000,000</u>	<u>2,500,000</u>	-	-	<u>2,500,000</u>
(428,743)	221,712	110,665	(4,548,262)	(629,541)	(249,547)
<u>1,014,483</u>	<u>1,211,526</u>	<u>306,487</u>	<u>4,799,781</u>	<u>824,866</u>	<u>4,266,729</u>
-	-	-	-	-	-
<u>1,014,483</u>	<u>1,211,526</u>	<u>306,487</u>	<u>4,799,781</u>	<u>824,866</u>	<u>4,266,729</u>
<u>585,740</u>	<u>1,433,238</u>	<u>417,152</u>	<u>251,519</u>	<u>195,325</u>	<u>4,017,182</u>

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AS OF JUNE 30, 2008

	63900	66000	66200	66900
	Kindergarten Plus	Instructional Materials Adoption	Education Technology	School Library
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
Other revenue	<u>3,041</u>	<u>123,981</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	3,041	123,981	-	-
<b>EXPENDITURES:</b>				
Current:				
Education	-	94,294	10,216,546	2,282,568
Health and welfare	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	-	94,294	10,216,546	2,282,568
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	3,041	29,687	(10,216,546)	(2,282,568)
<b>OTHER FINANCING SOURCES (USES):</b>				
State general fund appropriations	-	-	6,000,000	2,000,000
Appropriations funded with State Severance Bond Proceeds	-	-	-	-
Reversions to State General Fund	-	-	-	-
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>6,000,000</u>	<u>2,000,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,041	29,687	(4,216,546)	(282,568)
<b>FUND BALANCE (DEFICIT), BEGINNING</b>	<u>84,559</u>	<u>105,051</u>	<u>4,770,593</u>	<u>403,512</u>
<b>RESTATEMENTS (NOTE 19)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, BEGINNING - RESTATED</b>	<u>84,559</u>	<u>105,051</u>	<u>4,770,593</u>	<u>403,512</u>
<b>FUND BALANCE (DEFICIT), ENDING</b>	\$ <u>87,600</u>	<u>134,738</u>	<u>554,047</u>	<u>120,944</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

72500 Public Building Energy Efficiency Act	85600 Instructional Materials Flowthrough	85700 State Support Reserve	88900 Transportation Emergency	00500 Schools in Need of Improvement	20160 Ed Tech Correction Deficiency Fund	29100 Special Capital Outlay-General Fund 1995
-	-	-	-	-	-	-
<u>-</u>	<u>17,765</u>	<u>-</u>	<u>5,679</u>	<u>150,740</u>	<u>-</u>	<u>-</u>
-	17,765	-	5,679	150,740	-	-
1,060,217	37,625,099	-	2,461,683	1,822,160	1,175,458	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,060,217	37,625,099	-	2,461,683	1,822,160	1,175,458	-
(1,060,217)	(37,607,334)	-	(2,456,004)	(1,671,420)	(1,175,458)	-
1,171,165	37,224,900	-	1,600,000	2,500,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,171,165</u>	<u>37,224,900</u>	<u>-</u>	<u>1,600,000</u>	<u>2,500,000</u>	<u>-</u>	<u>-</u>
110,948	(382,434)	-	(856,004)	828,580	(1,175,458)	-
<u>28,504</u>	<u>2,367,304</u>	<u>1,000,000</u>	<u>1,132,419</u>	<u>875,512</u>	<u>4,325,000</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>28,504</u>	<u>2,367,304</u>	<u>1,000,000</u>	<u>1,132,419</u>	<u>875,512</u>	<u>4,325,000</u>	<u>-</u>
<u>139,452</u>	<u>1,984,870</u>	<u>1,000,000</u>	<u>276,415</u>	<u>1,704,092</u>	<u>3,149,542</u>	<u>-</u>

AS OF JUNE 30, 2008	38700 Special Capital Outlay-General Fund 1996	46800 Special Capital Outlay-Severance Tax Bonds 1999	54000 Special Capital Outlay-Severance Tax Bonds 1998	54100 Special Capital Outlay-Severance Tax Bonds 1998
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
Other revenue	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
Education	-	204,071	-	170,994
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	204,071	-	170,994
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(204,071)	-	(170,994)
<b>OTHER FINANCING SOURCES (USES):</b>				
State general fund appropriations	-	-	-	-
Appropriations funded with State Severance Bond Proceeds	-	390,448	-	-
Reversions to State General Fund	-	-	-	-
Transfers in (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	390,448	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	186,377	-	(170,994)
<b>FUND BALANCE (DEFICIT), BEGINNING</b>	-	-	-	-
<b>RESTATEMENTS (NOTE 19)</b>	-	(186,377)	-	170,994
<b>FUND BALANCE, BEGINNING - RESTATED</b>	-	(186,377)	-	170,994
<b>FUND BALANCE (DEFICIT), ENDING</b>	\$ -	-	-	-

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

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

54200 Special Capital Outlay-Severance Tax Bonds 1998	54300 Special Capital Outlay-Severance Tax Bonds 1998	63600 Kindergarten Capital Funding	66100 Special Capital Outlay-Severance Tax Bonds 1994	81300 Special Capital Outlay-Severance Tax Bonds 2000	Total
-	-	-	-	-	254,605
-	-	-	-	-	2,171,408
-	-	-	-	-	2,426,013
-	34,429	372,623	-	905,368	77,247,918
-	-	-	-	-	153,262
-	-	-	-	-	-
-	34,429	372,623	-	905,368	77,401,180
-	(34,429)	(372,623)	-	(905,368)	(74,975,167)
-	-	-	-	-	61,996,065
-	8,805	212,676	-	814,251	1,426,180
-	-	-	-	-	-
-	-	-	-	-	-
-	8,805	212,676	-	814,251	63,422,245
-	(25,624)	(159,947)	-	(91,117)	(11,552,922)
-	-	-	-	-	29,496,357
34	25,624	488,827	26,670	109,858	635,630
34	25,624	488,827	26,670	109,858	30,131,987
34	-	328,880	26,670	18,741	18,579,065

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

28000 - ACCESS-TO-TELEWORK FUNDS				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	149,729	149,729
State General Fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	<u>31,042</u>	<u>31,042</u>
<b>TOTAL REVENUES</b>	-	-	180,771	180,771
<b>BEGINNING CASH</b>	<u>53,000</u>	<u>53,000</u>	-	<u>53,000</u>
<b>TOTAL REVENUES AND BEGINNING CASH</b>	\$ <u>53,000</u>	<u>53,000</u>	<u>180,771</u>	<u>233,771</u>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ 15,000	35,570	14,926	20,644
Contractual services	5,000	25,000	27,205	(2,205)
Other operating costs	33,000	169,430	111,130	58,300
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>53,000</u>	<u>230,000</u>	<u>153,261</u>	<u>76,739</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ <u>(53,000)</u>	<u>(177,000)</u>	<u>27,510</u>	<u>204,510</u>

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

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

**YEAR ENDED JUNE 30, 2008**

33400 - FAMILY YOUTH				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	1,500,000	1,500,000	1,500,000	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	106,973	106,973
<b>TOTAL REVENUES</b>	<b>\$ 1,500,000</b>	<b>1,500,000</b>	<b>1,606,973</b>	<b>106,973</b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	70,000	220,000	106,375	113,625
Other operating costs	1,430,000	1,986,453	892,460	1,093,993
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>1,500,000</b>	<b>2,206,453</b>	<b>998,835</b>	<b>1,207,618</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>(706,453)</b>	<b>608,138</b>	<b>1,314,591</b>
<b>REQUEST TO PAY PRIOR YEAR</b>			<b>\$ (225,125)</b>	



STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

39700 - EDUCATOR CERTIFICATION				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	668,654	668,654
Miscellaneous revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>668,654</b>	<b>668,654</b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ 425,200	575,200	573,248	1,952
Contractual services	110,000	110,000	31,320	78,680
Other operating costs	368,200	368,200	301,754	66,446
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>903,400</b>	<b>1,053,400</b>	<b>906,322</b>	<b>147,078</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (903,400)</b>	<b>(1,053,400)</b>	<b>(237,668)</b>	<b>815,732</b>
<b>REQUEST TO PAY PRIOR YEAR</b>			<b>\$ -</b>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

45800 - ADULT BASIC EDUCATION

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
	<b>REVENUES:</b>			
Federal grants	\$ -	-	-	-
State General Fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other operating costs	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

		47000 - CHARTER SCHOOL STIMULUS			
		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
		Original	Final		
<b>REVENUES:</b>					
Federal grants	\$	-	-	-	-
State General Fund appropriations		-	-	-	-
Other state funds		-	-	-	-
Other financing sources		-	-	-	-
Miscellaneous revenue		-	-	2,257	2,257
<b>TOTAL REVENUES</b>	<b>\$</b>	<b>-</b>	<b>-</b>	<b>2,257</b>	<b>2,257</b>
<b>EXPENDITURES:</b>					
<b>Education:</b>					
Personal services and benefits	\$	-	-	-	-
Contractual services		-	-	-	-
Other operating costs		-	716,100	431,000	285,100
Other financing uses		-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>		<b>-</b>	<b>716,100</b>	<b>431,000</b>	<b>285,100</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$</b>	<b>-</b>	<b>(716,100)</b>	<b>(428,743)</b>	<b>287,357</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

	51300 - PRE-KINDERGARTEN			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	5,000,000	5,000,000	5,000,000	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	<u>251,970</u>	<u>251,970</u>
<b>TOTAL REVENUES</b>	<u>\$ 5,000,000</u>	<u>5,000,000</u>	<u>5,251,970</u>	<u>251,970</u>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ 273,650	273,650	199,273	74,377
Contractual services	4,687,024	4,687,024	4,500,948	186,076
Other operating costs	39,326	1,075,907	330,037	745,870
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>5,000,000</u>	<u>6,036,581</u>	<u>5,030,258</u>	<u>1,006,323</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>(1,036,581)</u>	<u>221,712</u>	<u>1,258,293</u>
<b>REQUEST TO PAY PRIOR YEAR</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

56200 - PROFESSIONAL DEVELOPMENT				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	2,500,000	2,500,000	2,500,000	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	129,415	129,415
<b>TOTAL REVENUES</b>	<b>\$ 2,500,000</b>	<b>2,500,000</b>	<b>2,629,415</b>	<b>129,415</b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	2,500,000	2,500,000	2,338,155	161,845
Other operating costs	-	306,400	-	306,400
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>2,500,000</b>	<b>2,806,400</b>	<b>2,338,155</b>	<b>468,245</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>(306,400)</b>	<b>291,260</b>	<b>597,660</b>
<b>REQUEST TO PAY PRIOR YEAR</b>			<b>\$ (180,595)</b>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

56800 - INCENTIVE FOR SCHOOL IMPROVEMENT				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	179,443	179,443
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>179,443</b>	<b>179,443</b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	350,000	147,685	202,315
Other operating costs	-	4,580,020	4,580,020	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>4,930,020</b>	<b>4,727,705</b>	<b>202,315</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>(4,930,020)</b>	<b>(4,548,262)</b>	<b>381,758</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

58600 - READING MATERIALS

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
	<b>REVENUES:</b>			
Federal grants	\$ -	-	-	-
State General Fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	-	-
<b>TOTAL REVENUES</b>	\$ -	-	-	-
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other operating costs	-	22,969	610,769	(587,800)
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	-	22,969	610,769	(587,800)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ -	(22,969)	(610,769)	(587,800)
<b>REQUEST TO PAY PRIOR YEAR</b>			\$ (18,772)	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

63300 - INDIAN EDUCATION ACT				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	104,876	104,876
State General Fund appropriations	2,500,000	2,500,000	2,500,000	-
Other state funds	-	-	-	-
Other financing sources	-	500,000	500,000	-
Miscellaneous revenue	-	-	448	448
<b>TOTAL REVENUES</b>	<b>\$ <u>2,500,000</u></b>	<b><u>3,000,000</u></b>	<b><u>3,105,324</u></b>	<b><u>105,324</u></b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ 360,000	360,000	344,369	15,631
Contractual services	1,875,000	3,872,195	2,113,626	1,758,569
Other operating costs	265,000	2,238,855	896,877	1,341,978
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b><u>2,500,000</u></b>	<b><u>6,471,050</u></b>	<b><u>3,354,872</u></b>	<b><u>3,116,178</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ <u>-</u></b>	<b><u>(3,471,050)</u></b>	<b><u>(249,548)</u></b>	<b><u>3,221,502</u></b>
<b>REQUEST TO PAY PRIOR YEAR</b>			<b>\$ <u>-</u></b>	



STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

	63900 - KINDERGARTEN PLUS			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	3,041	3,041
<b>TOTAL REVENUES</b>	<u>\$ -</u>	<u>-</u>	<u>3,041</u>	<u>3,041</u>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other operating costs	-	-	-	-
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>-</u>	<u>3,041</u>	<u>3,041</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

	66000 - INSTRUCTIONAL MATERIALS ADOPTION			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	116,065	116,065	-
Miscellaneous revenue	-	-	7,916	7,916
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>116,065</b>	<b>123,981</b>	<b>7,916</b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	172,738	85,481	87,257
Other operating costs	-	25,000	8,814	16,186
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>197,738</b>	<b>94,295</b>	<b>103,443</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>(81,673)</b>	<b>29,686</b>	<b>111,359</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

	66200 - EDUCATION TECHNOLOGY			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	6,000,000	6,000,000	6,000,000	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ <u>6,000,000</u></b>	<b><u>6,000,000</u></b>	<b><u>6,000,000</u></b>	<b><u>-</u></b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other operating costs	6,000,000	10,219,900	10,216,546	3,354
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b><u>6,000,000</u></b>	<b><u>10,219,900</u></b>	<b><u>10,216,546</u></b>	<b><u>3,354</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ <u>-</u></b>	<b><u>(4,219,900)</u></b>	<b><u>(4,216,546)</u></b>	<b><u>3,354</u></b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

	66900 - SCHOOL LIBRARY			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	2,000,000	2,000,000	2,000,000	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ <u>2,000,000</u></b>	<b><u>2,000,000</u></b>	<b><u>2,000,000</u></b>	<b><u>-</u></b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other operating costs	2,000,000	2,301,368	2,282,568	18,800
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b><u>2,000,000</u></b>	<b><u>2,301,368</u></b>	<b><u>2,282,568</u></b>	<b><u>18,800</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ <u>-</u></b>	<b><u>(301,368)</u></b>	<b><u>(282,568)</u></b>	<b><u>18,800</u></b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

**72500 - PUBLIC BUILDING ENERGY EFFICIENCY ACT**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance From Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	<b>REVENUES:</b>			
Federal grants	\$ -	-	-	-
State General Fund appropriations	1,171,165	1,171,165	1,171,165	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ <u>1,171,165</u></b>	<b><u>1,171,165</u></b>	<b><u>1,171,165</u></b>	<b><u>-</u></b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other operating costs	1,171,165	1,171,165	1,060,217	110,948
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b><u>1,171,165</u></b>	<b><u>1,171,165</u></b>	<b><u>1,060,217</u></b>	<b><u>110,948</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ <u>-</u></b>	<b><u>-</u></b>	<b><u>110,948</u></b>	<b><u>110,948</u></b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

85600 - INSTRUCTIONAL MATERIALS FLOWTHROUGH

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	37,224,900	37,224,900	37,224,900	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	17,765	17,765
<b>TOTAL REVENUES</b>	<u>\$ 37,224,900</u>	<u>37,224,900</u>	<u>37,242,665</u>	<u>17,765</u>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other operating costs	38,724,900	38,724,900	36,909,125	1,815,775
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<u>38,724,900</u>	<u>38,724,900</u>	<u>36,909,125</u>	<u>1,815,775</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (1,500,000)</u>	<u>(1,500,000)</u>	<u>333,540</u>	<u>1,833,540</u>
<b>REQUEST TO PAY PRIOR YEAR</b>			\$ <u>(715,974)</u>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

85700 - STATE SUPPORT RESERVE				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	-	-
<b>TOTAL REVENUES</b>	\$ -	-	-	-
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other operating costs	-	-	-	-
Other financing uses	1,000,000	1,000,000	-	1,000,000
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	1,000,000	1,000,000	-	1,000,000
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ (1,000,000)	(1,000,000)	-	1,000,000

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

88900 - TRANSPORTATION EMERGENCY					
		Budgeted Amounts		Actual	Variance From
		Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>					
Federal grants	\$	-	-	-	-
State General Fund appropriations		-	1,600,000	1,600,000	-
Other state funds		-	-	-	-
Other financing sources		-	-	-	-
Miscellaneous revenue		-	-	5,679	5,679
<b>TOTAL REVENUES</b>	<b>\$</b>	<b>-</b>	<b>1,600,000</b>	<b>1,605,679</b>	<b>5,679</b>
<b>EXPENDITURES:</b>					
<b>Education:</b>					
Personal services and benefits	\$	-	-	-	-
Contractual services		-	-	-	-
Other operating costs		-	2,732,419	2,461,683	270,736
Other financing uses		-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>		<b>-</b>	<b>2,732,419</b>	<b>2,461,683</b>	<b>270,736</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$</b>	<b>-</b>	<b>(1,132,419)</b>	<b>(856,004)</b>	<b>276,415</b>



STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

00500 - SCHOOLS IN NEED OF IMPROVEMENT FUND				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	2,500,000	2,500,000	2,500,000	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	150,740	150,740
<b>TOTAL REVENUES</b>	<b>\$ 2,500,000</b>	<b>2,500,000</b>	<b>2,650,740</b>	<b>150,740</b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	386,454	72,133	314,321
Other operating costs	2,500,000	2,989,046	1,621,061	1,367,985
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>2,500,000</b>	<b>3,375,500</b>	<b>1,693,194</b>	<b>1,682,306</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>(875,500)</b>	<b>957,546</b>	<b>1,833,046</b>
<b>REQUEST TO PAY PRIOR YEAR</b>			<b>\$ (128,966)</b>	

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

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

YEAR ENDED JUNE 30, 2008

	20160 - ED TECH DEFICIENCY CORRECTION			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Federal grants	\$ -	-	-	-
State General Fund appropriations	-	-	-	-
Other state funds	-	-	-	-
Other financing sources	-	-	-	-
Miscellaneous revenue	-	-	-	-
<b>TOTAL REVENUES</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
<b>Education:</b>				
Personal services and benefits	\$ -	-	-	-
Contractual services	-	-	-	-
Other operating costs	4,325,000	4,325,000	1,175,458	3,149,542
Other financing uses	-	-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>4,325,000</b>	<b>4,325,000</b>	<b>1,175,458</b>	<b>3,149,542</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (4,325,000)</b>	<b>(4,325,000)</b>	<b>(1,175,458)</b>	<b>3,149,542</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay - General Fund 1995 - 29100  
Schedule of Multi-year Budgeted Special Capital Outlay Fund

AS OF JUNE 30, 2008

	Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>						
Laws of 1995, CH 222 (General Fund)	\$ 9,244,260	9,208,640	-	9,208,640	-	9,208,640
Art in Public Places		35,620	-	35,620	-	35,620
Laws of 1995, CH 222 (Severance Tax Bonds)	250,000	239,218	-	239,218	-	239,218
Laws of 1995, CH 222 Reversions	-	10,782	(10,782)	-	-	-
Laws of 1995, CH 218 (Severance Tax Bonds)	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>TOTAL CASH RECEIPTS</b>	<b>\$ <u>9,594,260</u></b>	<b><u>9,594,260</u></b>	<b><u>(10,782)</u></b>	<b><u>9,583,478</u></b>	<b><u>-</u></b>	<b><u>9,583,478</u></b>
<b>CASH OUTLAYS:</b>						
Capital projects funded in fiscal year 1995	\$ 9,594,260	9,455,268	-	9,455,268	-	9,455,268
Art in Public Places	-	35,620	-	35,620	-	35,620
BOF Reversions (SIBs)	-	10,782	(10,782)	-	-	-
DFA Reversions (prior year)	<u>-</u>	<u>51,943</u>	<u>-</u>	<u>51,943</u>	<u>-</u>	<u>51,943</u>
<b>TOTAL CASH OUTLAYS</b>	<b>\$ <u>9,594,260</u></b>	<b><u>9,553,613</u></b>	<b><u>(10,782)</u></b>	<b><u>9,542,831</u></b>	<b><u>-</u></b>	<b><u>9,542,831</u></b>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						<b>\$ 40,647</b>
<b>RECEIVABLES, JUNE 30, 2008</b>						<b>-</b>
<b>PAYABLES, JUNE 30, 2008</b>						<b><u>(40,647)</u></b>
<b>FUND BALANCE, JUNE 30, 2008</b>						<b>\$ <u>-</u></b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay - General Fund 1996 - 38700  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Adjustment</u>	<u>Prior Years Restated</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>CASH RECEIPTS:</b>						
Laws of 1996, CH 4 (Severance Tax Bonds)	\$ 3,738,000	3,701,161	3,607	3,704,768	-	3,704,768
Reversions - S1Bs 1996 CH 4		33,232	(33,232)	-	-	-
Laws of 1996, CH 4 (General Fund)	<u>3,117,500</u>	<u>3,117,500</u>	<u>-</u>	<u>3,117,500</u>	<u>-</u>	<u>3,117,500</u>
<b>TOTAL CASH RECEIPTS</b>	<b>\$ <u>6,855,500</u></b>	<b><u>6,851,893</u></b>	<b><u>(29,625)</u></b>	<b><u>6,822,268</u></b>	<b><u>-</u></b>	<b><u>6,822,268</u></b>
<b>CASH OUTLAYS:</b>						
Laws of 1996, CH 4 (Severance Tax Bonds)	\$ 3,738,000	3,682,955	3,607	3,686,562	-	3,686,562
Reversions - S1Bs 1996 CH 4		33,232	(33,232)	-	-	-
Laws of 1996, CH 4 (General Fund)	3,117,500	2,960,220	-	2,960,220	-	2,960,220
Art in Public Places	-	6,500	-	6,500	-	6,500
Transfers	-	-	-	-	-	-
DFA Reversions	-	74	-	74	-	74
<b>TOTAL CASH OUTLAYS</b>	<b>\$ <u>6,855,500</u></b>	<b><u>6,682,981</u></b>	<b><u>(29,625)</u></b>	<b><u>6,653,356</u></b>	<b><u>-</u></b>	<b><u>6,653,356</u></b>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						<b>\$ 168,912</b>
<b>RECEIVABLES, JUNE 30, 2008</b>						<b>-</b>
<b>PAYABLES, JUNE 30, 2008</b>						<b><u>(168,912)</u></b>
<b>FUND BALANCE, JUNE 30, 2008</b>						<b>\$ <u>-</u></b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay - Severance Tax Bonds 1999 - 46800  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>						
Laws of 1999, CH 2 (Severance Tax Bonds)	\$ 12,617,826	11,779,140	-	11,779,140	141,075	11,920,215
Increase in Authorization (A990775)	250,000	-	-	-	249,373	249,373
Art in Public Places	-	15,360	(15,360)	-	-	-
Reduction in Authorization	(300,000)	-	-	-	-	-
Reduction in Authorization	(150,000)	(124,510)	-	(124,510)	-	(124,510)
Reversions	-	311,458	(311,458)	-	-	-
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 12,417,826</b>	<b>11,981,448</b>	<b>(326,818)</b>	<b>11,654,630</b>	<b>390,448</b>	<b>12,045,078</b>
<b>CASH OUTLAYS:</b>						
Laws of 1999, CH 2 (Severance Tax Bonds)	\$ 12,617,826	11,763,664	-	11,763,664	148,541	11,912,205
Increase in Authorization (A990775)	250,000	-	-	-	249,373	249,373
Art in Public Places	-	15,360	(15,360)	-	-	-
Reduction in Authorization	(300,000)	-	-	-	-	-
Reduction in Authorization	(150,000)	(124,510)	-	(124,510)	-	(124,510)
Reversions-Reduction in Author.	-	311,458	(311,458)	-	-	-
<b>TOTAL CASH OUTLAYS</b>	<b>\$ 12,417,826</b>	<b>11,965,972</b>			<b>397,914</b>	<b>12,037,068</b>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						<b>\$ 8,010</b>
<b>RECEIVABLES, JUNE 30, 2008</b>						-
<b>PAYABLES, JUNE 30, 2008</b>						(8,010)
<b>FUND BALANCE, JUNE 30, 2008</b>						<b>\$ -</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay - Severance Tax Bonds 1998 - 54000  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Adjustment</u>	<u>Prior Years Restated</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>CASH RECEIPTS:</b>						
Laws of 1998, CH 7 (Severance Tax Bonds)	\$ 5,881,410	5,641,005	-	5,641,005	-	5,641,005
Art in Public Places	-	2,750	(2,750)	-	-	-
Transfers	-	138,245	-	138,245	-	138,245
Reversions	-	<u>237,655</u>	<u>(237,655)</u>	-	-	-
<b>TOTAL CASH RECEIPTS</b>	<b>\$ <u>5,881,410</u></b>	<b><u>6,019,655</u></b>	<b><u>(240,405)</u></b>	<b><u>5,779,250</u></b>	<b><u>-</u></b>	<b><u>5,779,250</u></b>
<b>CASH OUTLAYS:</b>						
Laws of 1998, CH 7 (Severance Tax Bonds)	\$ 5,881,410	5,638,055	-	5,638,055	-	5,638,055
Art in Public Places	-	2,750	(2,750)	-	-	-
Transfers	-	138,245	-	138,245	-	138,245
Reversions	-	<u>237,655</u>	<u>(237,655)</u>	-	-	-
<b>TOTAL CASH OUTLAYS</b>	<b>\$ <u>5,881,410</u></b>	<b><u>6,016,705</u></b>	<b><u>(240,405)</u></b>	<b><u>5,776,300</u></b>	<b><u>-</u></b>	<b><u>5,776,300</u></b>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						\$ 2,950
<b>RECEIVABLES, JUNE 30, 2008</b>						
<b>PAYABLES, JUNE 30, 2008</b>						<u>(2,950)</u>
<b>FUND BALANCE, JUNE 30, 2008</b>						\$ <u>-</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay - Severance Tax Bonds 1998 - 54100  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

		Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>							
Laws of 1998, CH 118 (Severance Tax Bonds)	S	5,957,625	5,895,737	-	5,895,737	-	5,895,737
Art in Public Places		-	12,500	(12,500)	-	-	-
Reversions		-	34,700	(34,700)	-	-	-
<b>TOTAL CASH RECEIPTS</b>	S	<u>5,957,625</u>	<u>5,942,937</u>	<u>(47,200)</u>	<u>5,895,737</u>	-	<u>5,895,737</u>
<b>CASH OUTLAYS:</b>							
Laws of 1998, CH 118 (Severance Tax Bonds)	S	5,957,625	5,651,082	-	5,651,082	162,226	5,813,308
Art in Public Places		-	12,500	(12,500)	-	-	-
Reversions		-	34,700	(34,700)	-	-	-
<b>TOTAL CASH OUTLAYS</b>	S	<u>5,957,625</u>	<u>5,698,282</u>	<u>(47,200)</u>	<u>5,651,082</u>	<u>162,226</u>	<u>5,813,308</u>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						S	82,429
<b>RECEIVABLES, JUNE 30, 2008</b>							(82,429)
<b>PAYABLES, JUNE 30, 2008</b>							-
<b>FUND BALANCE, JUNE 30, 2008</b>						S	<u>-</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay - Severance Tax Bonds 1998 - 54200  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

		Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>							
Laws of 1998, CH 7 (Severance Tax Bonds)	S	5,834,300	5,705,503	-	5,705,503	-	5,705,503
Art in Public Places		-	10,500	(10,500)	-	-	-
Reversions		-	118,297	(118,297)	-	-	-
Transfer		-	19,546	-	19,546	-	19,546
<b>TOTAL CASH RECEIPTS</b>	S	<u>5,834,300</u>	<u>5,853,846</u>	<u>(128,797)</u>	<u>5,725,049</u>	<u>-</u>	<u>5,725,049</u>
<b>CASH OUTLAYS:</b>							
Laws of 1998, CH 7 (Severance Tax Bonds)	S	5,834,300	5,705,395	-	5,705,395	74	5,705,469
Art in Public Places		-	10,500	(10,500)	-	-	-
Reversions		-	118,297	(118,297)	-	-	-
Transfer		-	19,546	-	19,546	-	19,546
<b>TOTAL CASH OUTLAYS</b>	S	<u>5,834,300</u>	<u>5,853,738</u>	<u>(128,797)</u>	<u>5,724,941</u>	<u>74</u>	<u>5,725,015</u>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						S	34
<b>RECEIVABLES, JUNE 30, 2008</b>							-
<b>PAYABLES, JUNE 30, 2008</b>							-
<b>FUND BALANCE, JUNE 30, 2008</b>						S	<u>34</u>



STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay - Severance Tax Bonds 1998 - 54300  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>						
Laws of 1998, CH 118 (Severance Tax Bonds)	\$ 3,268,825	3,196,911	19,546	3,216,457	13,843	3,230,300
Transfer	-	19,546	(19,546)	-	-	-
Reversions	-	12,750	(12,750)	-	-	-
Art in Public Places	-	25,775	(25,775)	-	-	-
<b>TOTAL CASH RECEIPTS</b>	<b>\$ <u>3,268,825</u></b>	<b><u>3,254,982</u></b>	<b><u>(38,525)</u></b>	<b><u>3,216,457</u></b>	<b><u>13,843</u></b>	<b><u>3,230,300</u></b>
<b>CASH OUTLAYS:</b>						
Laws of 1998, CH 118 (Severance Tax Bonds)	\$ 3,268,825	3,190,833	-	3,190,833	34,429	3,225,262
Transfer	-	-	-	-	-	-
Reversions	-	12,750	(12,750)	-	-	-
Art in Public Places	-	25,775	(25,775)	-	-	-
<b>TOTAL CASH OUTLAYS</b>	<b>\$ <u>3,268,825</u></b>	<b><u>3,229,358</u></b>	<b><u>(38,525)</u></b>	<b><u>3,190,833</u></b>	<b><u>34,429</u></b>	<b><u>3,225,262</u></b>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						\$ 5,038
<b>RECEIVABLES, JUNE 30, 2008</b>						-
<b>PAYABLES, JUNE 30, 2008</b>						<u>(5,038)</u>
<b>FUND BALANCE, JUNE 30, 2008</b>						\$ <u>-</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Public School Capital Improvements - 63400  
Schedule of Multi-year Budgeted Special Capital Outlay Fund

AS OF JUNE 30, 2008

	Project			Prior Years		
	Authorization	Prior Years	Adjustment	Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>						
Laws of 2001, CH 338 (SSTB 2007-2008)	\$ 20,500,000		-	-	7,222,299	7,222,299
Laws of 2001, CH 338 (SSTB 2006-2007)	18,500,000	6,868,245	-	6,868,245	5,203,129	12,071,374
Laws of 2001, CH 338 (SSTB 2005-2006)	20,001,934	12,176,273	-	12,176,273	2,867,276	15,043,549
Laws of 2001, CH 338 (SSTB 2004-2005)	13,200,000	11,861,269	(3,824)	11,857,445	798,794	12,656,239
Laws of 2001, CH 338 (SSTB 2003-2004)	14,200,000	12,879,530	3,824	12,883,354	429,560	13,312,914
Laws of 2001, CH 338 (SSTB 2002-2003)	11,300,000	11,080,730	24,454	11,105,184	1,436	11,106,620
Laws of 2001, CH 338 (SSTB 2001-2002)	8,500,000	7,430,610	67,331	7,497,941	-	7,497,941
Laws of 2001, CH 64 (General Fund 2001-2002)	4,500,000	4,500,000	-	4,500,000	-	4,500,000
Laws of 2000, CH 15 (General Fund 2000-2001)	5,732,800	5,732,800	-	5,732,800	-	5,732,800
Laws of 1999, CH 3 (General Fund 1999-2000)	6,595,500	6,595,500	-	6,595,500	-	6,595,500
Refund	-	34,415	-	34,415	-	34,415
Laws of 1998, CH 116 (General Fund 1998-1999)	7,200,000	7,200,000	-	7,200,000	-	7,200,000
Laws of 1998, CH 3 (General Fund 1997-1998)	6,100,000	6,100,000	-	6,100,000	-	6,100,000
Laws of 1996, CH 13 (General Obligation Bonds 1996-1997)	5,000,000	4,968,710	26,650	4,995,360	-	4,995,360
Laws of 1995, CH 13 (SB9 1995-1996)	7,000,000	7,000,000	-	7,000,000	-	7,000,000
Laws of 1994, CH 148 (SB9 1994-1995)	9,600,000	9,600,000	-	9,600,000	-	9,600,000
Transfers	-	539,912	-	539,912	(49,340)	490,572
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 157,930,234</b>	<b>114,567,994</b>	<b>118,435</b>	<b>114,686,429</b>	<b>16,473,154</b>	<b>131,159,583</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Public School Capital Improvements - 63400 - continued  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH OUTLAYS:</b>						
Laws of 2001, CH 338 (SSTB 2007-2008)	\$ 20,500,000	-	-	-	7,222,279	7,222,279
Laws of 2001, CH 338 (SSTB 2006-2007)	18,500,000	6,868,205	-	6,868,205	5,203,169	12,071,374
Laws of 2001, CH 338 (SSTB 2005-2006)	20,001,934	11,609,448	-	11,609,448	2,773,474	14,382,922
Laws of 2001, CH 338 (SSTB 2004-2005)	13,200,000	11,727,102	-	11,727,102	798,794	12,525,896
Laws of 2001, CH 338 (SSTB 2003-2004)	14,200,000	12,982,845	-	12,982,845	202,164	13,185,009
Laws of 2001, CH 338 (SSTB 2002-2003)	11,300,000	10,989,109	24,454	11,013,563	1,436	11,014,999
Laws of 2001, CH 338 (SSTB 2001-2002)	8,500,000	7,493,493	-	7,493,493	-	7,493,493
Laws of 2001, CH 64 (General Fund 2001-2002)	4,500,000	4,500,000	-	4,500,000	-	4,500,000
Laws of 2000, CH 15 (General Fund 2000-2001)	5,732,800	3,613,290	-	3,613,290	12,094	3,625,384
Laws of 1999, CH 3 (General Fund 1999-2000)	6,595,500	5,318,704	-	5,318,704	29,327	5,348,031
Refund		(97,166)	-	(97,166)		(97,166)
Laws of 1998, CH 116 (General Fund 1998-1999)	7,200,000	5,990,317	-	5,990,317	57,111	6,047,428
Laws of 1998, CH 3 (General Fund 1997-1998)	6,100,000	6,082,807	-	6,082,807	8,555	6,091,362
Laws of 1996, CH 13 (General Obligation Bonds 1996-1997)	5,000,000	6,308,208	26,649	6,334,857	2,433	6,337,290
Laws of 1995, CH 13 (SB9 1995-1996)	7,000,000	7,374,812	-	7,374,812	-	7,374,812
Laws of 1994, CH 148 (SB9 1994-1995)	9,600,000	7,962,878	-	7,962,878	-	7,962,878
Transfers	-	455,876	-	455,876	-	455,876
<b>TOTAL CASH OUTLAYS</b>	<b>\$ 157,930,234</b>	<b>109,179,928</b>	<b>51,103</b>	<b>109,231,031</b>	<b>16,310,836</b>	<b>125,541,867</b>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						<b>\$ 5,617,716</b>
<b>RECEIVABLES, JUNE 30, 2008</b>						<b>204,783</b>
<b>PAYABLES, JUNE 30, 2008</b>						<b>(117,859)</b>
<b>FUND BALANCE, JUNE 30, 2008</b>						<b>\$ 5,704,640</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Public School Capital Outlay - 63500  
Schedule of Multi-year Budgeted Special Capital Outlay Fund

AS OF JUNE 30, 2008

	Project			Prior Years		
	Authorization	Prior Years	Adjustment	Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>						
Laws of 2001, CH 338 (SIB 04-05)	\$ 16,969,586	5,975,049	602,868	6,577,917	3,697,762	10,275,679
2003-2004 Severance Tax Bonds	86,087,753	83,873,564	260,778	84,134,342	142,030	84,276,372
2002-2003 Severance Tax Bonds	95,676,311	95,661,149	(422,440)	95,238,709	373,798	95,612,507
Laws of 2002, CH 44 (GF 1420)	1,000,000	1,000,000	-	1,000,000		1,000,000
2001-2002 Severance Tax Bonds	99,140,730	100,174,124	(1,044,454)	99,129,670		99,129,670
Lottery 2001-2002	3,859,271	423,790	-	423,790		423,790
2000-2001 General Obligation Bonds	5,000,000	4,747,563	91,484	4,839,047		4,839,047
2000-2001 Severance Tax Bonds	49,600,000	49,535,762	48,968	49,584,730		49,584,730
Refund	-	(450,707)	-	(450,707)		(450,707)
Lottery allocation 2000-2001	15,000,000	14,005,489	-	14,005,489		14,005,489
Laws of 1999 (Severance Tax Bonds 9905)	23,000,000	22,999,999	-	22,999,999		22,999,999
Lottery 1999-2000 allocation (9904)	10,000,000	10,000,000	-	10,000,000		10,000,000
Lottery 1999-2000 allocation	-	4,883,802	-	4,883,802		4,883,802
Laws of 1998, CH 7 & 118 (SIB 9803 & 9804)	6,400,000	6,385,966	(17)	6,385,949		6,385,949
Lottery 1998-1999 allocation (9806)	13,000,000	11,908,015	-	11,908,015		11,908,015
Laws of 1998, CH 5 (GF 9805)	5,000,000	5,000,000	-	5,000,000		5,000,000
Laws of 1998, CH 87 (GOB 9807)	10,000,000	9,883,957	-	9,883,957		9,883,957
Laws of 1998, CH 13 (GOB 9670)	21,500,000	21,499,121	-	21,499,121		21,499,121
Lottery 1997-1998 allocation (9802)	17,500,000	10,154,830	-	10,154,830		10,154,830
Laws of 1996, CH 5 (GF 9672)	2,000,000	2,000,000	-	2,000,000		2,000,000
Laws of 1996, CH 14 (SIB 9671)	8,000,000	8,000,000	-	8,000,000		8,000,000
Lottery 1996-1997 allocation	7,194,579	7,194,579	-	7,194,579		7,194,579
Lottery 1996-1997 allocation	-	7,983,327	-	7,983,327		7,983,327
Laws of 1995, CH 222 (SIB)	20,000,000	19,996,619	-	19,996,619		19,996,619
Laws of 1994, CH 147 (GF 9429)	10,000,000	10,000,000	-	10,000,000		10,000,000
Refund to BOF	-	(718)	-	(718)		(718)
Transfers	-	-	-	-		-
Reversions	-	11,388	(11,388)	-		-
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 525,928,230</b>	<b>512,846,668</b>	<b>(474,201)</b>	<b>512,372,467</b>	<b>4,213,590</b>	<b>516,586,057</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Public School Capital Outlay - 63500 - continued  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	Project	Prior Years	Adjustment	Prior Years	Current Year	Total to Date	
	Authorization	Prior Years	Adjustment	Restated	Current Year	Total to Date	
<b>CASH OUTLAYS:</b>							
	S	16,969,586	7,044,293	602,868	7,647,161	2,707,767	10,354,928
		86,087,753	75,904,216	260,778	76,164,994	-	76,164,994
		95,676,311	102,783,469	(422,440)	102,361,029	13,038	102,374,067
		1,000,000	914,800	-	914,800	-	914,800
		99,140,730	99,874,568	(1,044,454)	98,830,114	(116,134)	98,713,980
		3,859,271	3,985,866	-	3,985,866	22,334	4,008,200
		5,000,000	4,886,461	91,484	4,977,945	48,078	5,026,023
		49,600,000	49,085,053	48,968	49,134,021	-	49,134,021
		15,000,000	14,233,863	-	14,233,863	-	14,233,863
		23,000,000	23,000,000	-	23,000,000	-	23,000,000
		10,000,000	9,997,194	-	9,997,194	-	9,997,194
		6,400,000	6,310,488	(17)	6,310,471	-	6,310,471
		13,000,000	13,036,343	-	13,036,343	-	13,036,343
		5,000,000	5,047,630	-	5,047,630	-	5,047,630
		10,000,000	10,003,581	-	10,003,581	-	10,003,581
		21,500,000	21,499,121	-	21,499,121	-	21,499,121
		17,500,000	17,497,199	-	17,497,199	-	17,497,199
		2,000,000	2,000,001	-	2,000,001	-	2,000,001
		8,000,000	8,000,000	-	8,000,000	-	8,000,000
		7,194,579	7,145,925	-	7,145,925	-	7,145,925
		20,000,000	19,996,618	-	19,996,618	-	19,996,618
		10,000,000	10,000,001	-	10,000,001	-	10,000,001
		-	460,892	-	460,892	-	460,892
		-	11,388	(11,388)	-	-	-
<b>TOTAL CASH OUTLAYS</b>	S	<u>525,928,230</u>	<u>512,718,970</u>	<u>(474,201)</u>	<u>512,244,769</u>	<u>2,675,083</u>	<u>514,919,852</u>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>							S 1,666,205
<b>RECEIVABLES, JUNE 30, 2008</b>							24,200
<b>PAYABLES, JUNE 30, 2008</b>							(17,048)
<b>FUND BALANCE, JUNE 30, 2008</b>							\$ <u>1,673,357</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Kindergarten Capital Funding - 63600  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	Project			Prior Years		
	Authorization	Prior Years	Adjustment	Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>						
Laws of 2001, CH 338, SB167	\$ 5,000,000	5,000,000	-	5,000,000	-	5,000,000
Laws of 2002, CH 93	5,000,000	4,243,109	2	4,243,111	212,676	4,455,787
Art in Public Places	-	31,762	(31,762)	-	-	-
Reversions	-	113,153	(113,153)	-	-	-
Transfers	-	4,486	-	4,486	-	4,486
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 10,000,000</b>	<b>9,392,510</b>	<b>(144,913)</b>	<b>9,247,597</b>	<b>212,676</b>	<b>9,460,273</b>
<b>CASH OUTLAYS:</b>						
Laws of 2001, CH 338, SB167	\$ 5,000,000	4,671,119	-	4,671,119	-	4,671,119
Laws of 2002, CH 93	5,000,000	4,083,163	2	4,083,165	372,623	4,455,788
Art in Public Places	-	31,762	(31,762)	-	-	-
Reversions	-	113,153	(113,153)	-	-	-
Transfers	-	-	-	-	4,486	4,486
<b>TOTAL CASH OUTLAYS</b>	<b>\$ 10,000,000</b>	<b>8,899,197</b>	<b>(144,913)</b>	<b>8,754,284</b>	<b>377,109</b>	<b>9,131,393</b>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						<b>\$ 328,880</b>
<b>RECEIVABLES, JUNE 30, 2008</b>						<b>-</b>
<b>PAYABLES, JUNE 30, 2008</b>						<b>-</b>
<b>FUND BALANCE, JUNE 30, 2008</b>						<b>\$ 328,880</b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay - Severance Tax Bonds 1994 - 66100  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

		Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>							
Laws of 1994, CH 148 (STB)	S	11,909,000	11,833,025	27,125	11,860,150	-	11,860,150
BOF/PED Adjustment		(100,000)	-	(100,000)	(100,000)	-	(100,000)
Art in Public Places		-	48,850	(48,850)	-	-	-
Reversions		-	27,125	(27,125)	-	-	-
<b>TOTAL CASH RECEIPTS</b>	S	<u>11,809,000</u>	<u>11,909,000</u>	<u>(148,850)</u>	<u>11,760,150</u>	<u>-</u>	<u>11,760,150</u>
<b>CASH OUTLAYS:</b>							
Capital projects funded in 1994	S	11,909,000	11,806,355	27,125	11,833,480	-	11,833,480
BOF/PED Adjustment		(100,000)	-	(100,000)	(100,000)	-	(100,000)
Art in Public Places		-	48,850	(48,850)	-	-	-
Reversions		-	27,125	(27,125)	-	-	-
<b>TOTAL CASH OUTLAYS</b>	S	<u>11,809,000</u>	<u>11,882,330</u>	<u>(148,850)</u>	<u>11,733,480</u>	<u>-</u>	<u>11,733,480</u>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>							\$ 26,670
<b>RECEIVABLES, JUNE 30, 2008</b>							-
<b>PAYABLES, JUNE 30, 2008</b>							-
<b>FUND BALANCE, JUNE 30, 2008</b>							S <u>26,670</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay - Severance Tax Bonds 2000 - 81300  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>						
Laws of 2003, CH 429, STB	\$ 20,000		20,000	20,000	-	20,000
Laws of 2002, CH 110, Sec 23 (STB)	15,332,920	12,123,959	218,441	12,342,400	800,538	13,142,938
Change in Authorization	(423,950)			-	-	-
Change in Authorization	(20,000)			-	-	-
Change in Authorization	(148,810)			-	-	-
Change in Authorization	(123,810)			-	-	-
Change in Authorization	(5,000)			-	-	-
Laws of 2000, CH 23, Sec 16 (STB)	10,720,080	10,256,351	(127,346)	10,129,005	15,388	10,144,393
Change in Authorization	(50,000)			-	-	-
Laws of 1999, CH 118, Sec 11 (STB)	100,000	46,638	53,348	99,986	-	99,986
Art in Public Places	-	16,950	(16,950)	-	-	-
Reversions	-	1,043,095	(1,043,095)	-	-	-
Transfers	-	109,356	-	109,356	-	109,356
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 25,401,430</b>	<b>23,596,349</b>	<b>(895,602)</b>	<b>22,700,747</b>	<b>815,926</b>	<b>23,516,673</b>
<b>CASH OUTLAYS:</b>						
Laws of 2003, CH 429 (STB)	\$ 20,000	40,000	-	40,000	-	40,000
Laws of 2002, CH 110 Sec 23 (STB)	15,332,920	12,137,596	(89,879)	12,047,717	1,200,185	13,247,902
Change in Authorization	(423,950)	-	-	-	-	-
Change in Authorization	(20,000)	-	-	-	-	-
Change in Authorization	(148,810)	-	-	-	-	-
Change in Authorization	(123,810)	-	-	-	-	-
Change in Authorization	(5,000)	-	-	-	-	-
Laws of 2000, CH 23, Sec 16 (STB)	10,720,080	10,144,737	-	10,144,737	106,721	10,251,458
Change in Authorization	(50,000)	-	-	-	-	-
Laws of 1999, CH 118, Sec 11 (STB)	100,000	99,986	-	99,986	-	99,986
Art in Public Places	-	16,950	(16,950)	-	-	-
Reversions	-	1,043,094	(1,043,094)	-	-	-
Transfers	-	33,079	-	33,079	119,580	152,659
<b>TOTAL CASH OUTLAYS</b>	<b>\$ 25,401,430</b>	<b>23,515,442</b>	<b>(1,149,923)</b>	<b>22,365,519</b>	<b>1,426,486</b>	<b>23,792,005</b>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						\$ (275,332)
<b>RECEIVABLES, JUNE 30, 2008</b>						294,073
<b>PAYABLES, JUNE 30, 2008</b>						-
<b>FUND BALANCE, JUNE 30, 2008</b>						\$ 18,741



STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay 2004 - 81600  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	Project		Adjustment	Prior Years		Total to Date
	Authorization	Prior Years		Restated	Current Year	
<b>CASH RECEIPTS:</b>						
Laws of 2008, CH 92 (STB)	8,428,000	-	-	-	-	-
Laws of 2007, CH 42, Sec 12 (STB)	\$ 300,000	-	-	-	-	-
Laws of 2006, CH 108 (GOB)	3,000,000	-	-	-	687,693	687,693
Laws of 2006, CH 111 (STB)	19,147,200	2,831,351	-	2,831,351	4,919,652	7,751,003
Change in Authorization	100,000	-	-	-	-	-
Laws of 2005, CH 347 (STB)	12,433,400	7,967,567	(11,980)	7,955,587	2,494,458	10,450,045
Change in Authorization	245,000	-	-	-	-	-
Laws of 2004, CH 117 (GOB)	11,156,000	10,126,515	4,485	10,131,000	764,134	10,895,134
Laws of 2004, CH 126 (STB)	10,938,200	8,209,707	-	8,209,707	1,522,522	9,732,229
BOF/PED Adjustment	24,800	-	-	-	-	-
Laws of 2003, CH 429 (STB)	9,030,613	7,967,783	39,006	8,006,789	208,598	8,215,387
BOF/PED Adjustment	(55,000)	-	-	-	-	-
Laws of 2002, CH 110 (STB)	269,033	156,668	44,252	200,920	47,479	248,399
BOF/PED Adjustment	40,000	-	-	-	-	-
Art in Public Places	-	105,650	(105,650)	-	-	-
Reversions	-	251,322	(251,322)	-	-	-
Transfers	-	237,692	-	237,692	153,792	391,484
<b>TOTAL CASH RECEIPTS</b>	\$ <u>75,057,246</u>	<u>37,854,255</u>	<u>(281,209)</u>	<u>37,573,046</u>	<u>10,798,328</u>	<u>48,371,374</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay 2004 - 81600 - continued  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH OUTLAYS:</b>						
Laws of 2008, CH 92 (STB)	\$ 8,428,000	-	-	-		-
Laws of 2007, CH 42, Sec 12 (STB)	300,000	-	-	-		-
Laws of 2006, CH 108 (GOB)	3,000,000	-	-	-	637,378	637,378
Laws of 2006, CH 111 (STB)	19,147,200	2,049,684	-	2,049,684	6,360,189	8,409,873
Change in Authorization	100,000	-	-	-	-	-
Laws of 2005, CH 347 (STB)	12,433,400	8,091,845	-	8,091,845	2,546,879	10,638,724
Change in Authorization	245,000	-	-	-	-	-
Laws of 2004, CH 117 (GOB)	11,156,000	10,056,368	-	10,056,368	779,597	10,835,965
Laws of 2004, CH 126 (STB)	10,938,200	11,170,630	-	11,170,630	(1,851,564)	9,319,066
BOF/PED Adjustment	24,800	-	-	-	-	-
Laws of 2003, CH 429 (STB)	9,030,613	4,701,249	-	4,701,249	3,928,388	8,629,637
BOF/PED Adjustment	(55,000)	-	-	-	-	-
Laws of 2002, CH 110 (STB)	269,033	156,668	-	156,668		156,668
BOF/PED Adjustment	40,000	-	-	-	-	-
Art in Public Places	-	105,650	(105,650)	-	-	-
Reversions	-	251,322	(251,322)	-	-	-
Transfers	-	-	-	-	503,801	503,801
<b>TOTAL CASH OUTLAYS</b>	<b>\$ 75,057,246</b>	<b>36,583,416</b>	<b>(356,972)</b>	<b>36,226,444</b>	<b>12,904,668</b>	<b>49,131,112</b>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						\$ (759,738)
<b>RECEIVABLES, JUNE 30, 2008</b>						342,562
<b>PAYABLES, JUNE 30, 2008</b>						(516,824)
<b>FUND BALANCE, JUNE 30, 2008</b>						\$ (934,000)

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay 2000 - 81800  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH RECEIPTS:</b>						
Laws of 2002, CH 23	\$ 2,178,000	2,178,000	-	2,178,000	-	2,178,000
Increase in Authorization, Laws of 2002, CH 23	85,000	-	-	-	-	-
Laws of 2001	1,200,000	1,200,000	-	1,200,000	-	1,200,000
Laws of 2002 CH 110 (STB)	373,750	72,281	178,079	250,360	-	250,360
Reversions--Reduction in Auth, Laws of 2002, CH 110	(33,162)	-	-	-	-	-
Reversions--Reduction in Auth, Laws of 2002, CH 110	(593)	-	-	-	-	-
Laws of 2003 CH 429 (STB)	85,000	17,257	-	17,257	-	17,257
Laws of 2003 CH 429	3,280,800	1,700,000	-	1,700,000	-	1,700,000
Laws of 2003 CH 385	880,300	720,000	-	720,000	-	720,000
Laws of 2004 CH 126 Sec 145	500,000	500,000	-	500,000	-	500,000
Laws of 2004 CH 126 Sec 136 & 137	21,330,831	21,330,831	-	21,330,831	-	21,330,831
Laws of 2005 CH 347 Sec 48	20,060,590	20,038,090	-	20,038,090	-	20,038,090
Laws of 2005 CH 347 Sec 256	50,000	50,000	-	50,000	-	50,000
Laws of 2006, CH 111, Sec 39	25,826,000	24,126,000	-	24,126,000	-	24,126,000
Laws of 2006, Ch. 107, Sec. 175	100,000	-	-	-	100,000	100,000
Laws of 2006, Ch. 107, Sec. 64	45,000	-	-	-	45,000	45,000
Laws of 2007, Ch. 2, Sec. 16	11,302,100	11,172,100	-	11,172,100	130,000	11,302,100
Laws of 2007, Ch. 42, Sec. 55	52,305,034	52,305,034	-	52,305,034	-	52,305,034
Laws of 2007, Ch. 341, Sec. 204	40,000	-	-	-	40,000	40,000
Laws of 2007, Ch. 341, Sec. 207	76,000	-	-	-	76,000	76,000
Laws of 2008, Ch. 92, Sec. 44	18,980,000	-	-	-	18,980,000	18,980,000
Laws of 2008, Ch. 83, Sec. 108	25,000	-	-	-	25,000	25,000
Refunds/cancelled warrants	-	21,954	-	21,954	-	21,954
Reversions	-	6,921	-	6,921	-	6,921
Transfers	-	33,079	(33,079)	-	5,647	5,647
<b>TOTAL CASH RECEIPTS</b>	<u>158,689,650</u>	<u>135,471,547</u>	<u>145,000</u>	<u>135,616,547</u>	<u>19,401,647</u>	<u>155,018,194</u>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Special Capital Outlay 2000 - 81800 - continued  
Schedule of Multi-year Budgeted Special Capital Outlay Fund - continued

AS OF JUNE 30, 2008

	Project Authorization	Prior Years	Adjustment	Prior Years Restated	Current Year	Total to Date
<b>CASH OUTLAYS:</b>						
Laws of 2002, CH 23	\$ 2,178,000	2,830,622	-	2,830,622	25,000	2,855,622
Increase in Authorization, Laws of 2002, CH 23	85,000	-	-	-	-	-
Laws of 2001	1,200,000	453,968	-	453,968	-	453,968
Laws of 2002 CH 110 (STB)	373,750	105,443	178,079	283,522	-	283,522
Reversions--Reduction in Auth, Laws of 2002, CH 110	(33,162)	-	-	-	-	-
Reversions--Reduction in Auth, Laws of 2002, CH 110	(593)	-	-	-	-	-
Laws of 2003 CH 429 (S1B)	85,000	85,000	-	85,000	-	85,000
Laws of 2003 CH 429	3,280,800	3,278,854	-	3,278,854	85,000	3,363,854
Laws of 2003 CH 385	880,300	193,416	-	193,416	131,013	324,429
Laws of 2004 CH 126 Sec 145	500,000	-	-	-	-	-
Laws of 2004 CH 126 Sec 136 & 137	21,330,831	18,628,655	-	18,628,655	834,507	19,463,162
Laws of 2005 CH 347 Sec 48	20,060,590	14,286,895	-	14,286,895	2,393,359	16,680,254
Laws of 2005 CH 347 Sec 256	50,000	-	-	-	50,000	50,000
Laws of 2006, CH 111, Sec 39	25,826,000	7,380,275	-	7,380,275	9,559,052	16,939,327
Laws of 2006, Ch. 107, Sec. 175	100,000	-	-	-	-	-
Laws of 2006, Ch. 107, Sec. 64	45,000	-	-	-	-	-
Laws of 2007, Ch. 2, Sec. 16	11,302,100	-	-	-	3,794,884	3,794,884
Laws of 2007, Ch. 42, Sec. 55	52,305,034	-	-	-	15,968,285	15,968,285
Laws of 2007, Ch. 341, Sec. 204	40,000	-	-	-	-	-
Laws of 2007, Ch. 341, Sec. 207	76,000	-	-	-	-	-
Laws of 2008, Ch. 92, Sec. 44	18,980,000	-	-	-	55,000	55,000
Laws of 2008, Ch. 83, Sec. 108	25,000	-	-	-	-	-
Refunds/cancelled warrants	-	-	-	-	-	-
Reversions	-	6,921	-	6,921	-	6,921
Transfers	-	38,079	(33,079)	5,000	232,347	237,347
<b>TOTAL CASH OUTLAYS</b>	<u>158,689,650</u>	<u>47,288,128</u>	<u>145,000</u>	<u>47,433,128</u>	<u>33,128,447</u>	<u>80,561,575</u>
<b>EXCESS OF CASH RECEIVED OVER CASH OUTLAYS</b>						\$ 74,456,619
<b>RECEIVABLES, JUNE 30, 2008</b>						3,514,845
<b>PAYABLES, JUNE 30, 2008</b>						<u>(4,310,269)</u>
<b>FUND BALANCE, JUNE 30, 2008</b>						\$ <u>73,661,195</u>

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Trust Funds and Agency Funds**

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**Trust Funds**

Private-Purpose Trust Funds are used to report arrangements under which principal or interest benefits specific individuals, private organizations or other government - but not the reporting government.

Eva Lou Kelly Scholarship Fund - The Eva Lou Kelly Scholarship fund accounts for assets held in trust for the continuation of "deserving boys and girls". (Fund 61600)

Tutor-Scholars Program Fund - The Tutor-Scholars Program fund accounts for donations, primarily corporate, to fund scholarships for academically successful students who tutor at-risk high school students. Tutor-scholars may receive scholarships up to \$3,000 per year for use at any public or private post-secondary school in New Mexico. (Fund 99300)

**Agency Funds**

Agency Funds are used to account for assets held on behalf of individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

Driver Safety Fees - The Driver Safety Fee fund is used to accumulate the driver safety fee in the amount of \$3 for each driver's licence or duplicate driver's license issued. The fees are distributed through the State Equalization Guarantee distribution to each school district for the purpose of providing defensive driving instruction (NMSA 1978, Section 66-5-44). (SHARE Fund 57300)

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Combining Statement of Net Assets -  
Fiduciary Funds

AS OF JUNE 30, 2008

	Private-Purpose Trusts			Agency Funds
	61600 Eva Lou Kelly Scholarship	99300 Tutor-Scholars Program	Total	57300 Driver Safety Fees
<b>ASSETS:</b>				
Cash	\$ 36,529	4,876	41,405	1,042,971
Certificate of deposit	20,000	-	20,000	-
Due from other state agencies	<u>212</u>	<u>-</u>	<u>212</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>56,741</u></b>	<b><u>4,876</u></b>	<b><u>61,617</u></b>	<b><u>1,042,971</u></b>
<b>LIABILITIES:</b>				
Due to external parties		-	-	1,042,971
Deposits held for local education agencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,042,971</b>
<b>NET ASSETS:</b>				
Reserve for scholarship	<u>56,741</u>	<u>4,876</u>	<u>61,617</u>	<u>-</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>56,741</u></b>	<b><u>4,876</u></b>	<b><u>61,617</u></b>	<b><u>1,042,971</u></b>

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Combining Statement of Changes in Net Assets -  
Fiduciary Funds**

AS OF JUNE 30, 2008

	Private-Purpose Trusts		
	61600	99300	Total
	Eva Lou Kelly Scholarship	Tutor-Scholars Program	
<b>ADDITIONS:</b>			
Interest	\$ 2,435	-	2,435
<b>TOTAL ADDITIONS</b>	2,435	-	2,435
<b>DEDUCTIONS:</b>			
Scholarship expense	-	-	-
<b>TOTAL DEDUCTIONS</b>	-	-	-
<b>CHANGES IN NET ASSETS</b>	2,435	-	2,435
<b>NET ASSETS, BEGINNING OF YEAR</b>	54,305	4,876	59,181
<b>NET ASSETS, END OF YEAR</b>	\$ 56,740	4,876	61,616

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statement of Net Assets - Public Education Department

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AS OF JUNE 30, 2008

ASSETS:	<u>Governmental Activities</u>
<b>CURRENT ASSETS:</b>	
Investment in State General Fund	
Investment Pool	\$ 149,158,332
Due from other governments	107,813,531
Due from external parties	5,446,490
Advances to local education authorities	717,588
Prepaid expenses	<u>10,046</u>
<b>TOTAL CURRENT ASSETS</b>	263,145,987
<b>NON-CURRENT ASSETS:</b>	
Capital assets	3,752,275
Less: accumulated depreciation	<u>(3,522,956)</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>229,319</u>
<b>TOTAL ASSETS</b>	\$ <u>263,375,306</u>
Accounts payable	\$ 73,807,657
Accrued payroll and taxes	2,473,867
Deferred revenue	-
Due to State Treasurer's Office	73,936,411
Due to other governments	9,102,837
Due to local education authorities	7,637,413
Other liabilities	-
Compensated absences payable	<u>860,847</u>
<b>TOTAL CURRENT LIABILITIES</b>	167,819,032
<b>NET ASSETS:</b>	
Invested in capital assets	229,319
Restricted	42,964,944
Unrestricted	<u>52,362,011</u>
<b>TOTAL NET ASSETS</b>	\$ <u>95,556,274</u>

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See Independent Auditors' Report.



STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statement of Activities - Public Education Department

YEAR ENDED JUNE 30, 2008

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
<b>GOVERNMENTAL ACTIVITIES</b>			
Education	\$ <u>2,968,577,952</u>	<u>381,944,617</u>	<u>(2,586,633,335)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	\$ <u>2,968,577,952</u>	<u>381,944,617</u>	(2,586,633,335)
<b>GENERAL REVENUES:</b>			
Proceeds of state general obligation and severance tax bonds			<u>33,264,270</u>
<b>TRANSFERS:</b>			
State appropriations			2,516,124,830
Inter-agency transfers			850,000
Reversions			(5,903,833)
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>			<u>2,544,335,267</u>
<b>CHANGE IN NET ASSETS</b>			(42,298,068)
<b>NET ASSETS, BEGINNING OF YEAR</b>			41,048,756
<b>RESTATEMENTS</b>			96,804,482
<b>NET ASSETS, BEGINNING OF YEAR, restated</b>			<u>137,853,238</u>
<b>NET ASSETS, END OF YEAR</b>			\$ <u>95,555,170</u>

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Statement of Net Assets - Division of Vocational Rehabilitation -  
Disability Determination Services**

**AS OF JUNE 30, 2008**

<b>ASSETS:</b>	<b>Governmental Activities</b>
<b>CURRENT ASSETS:</b>	
Investment in State General Fund	
Investment Pool	\$ 4,177,746
Due from other governments	4,187,242
Due from external parties	96,041
Advances to local education authorities	-
Prepaid expenses	<u>12,347</u>
<b>TOTAL CURRENT ASSETS</b>	<b>8,473,376</b>
<b>NON-CURRENT ASSETS:</b>	
Capital assets	3,140,185
Less: accumulated depreciation	<u>(2,870,724)</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>269,461</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>8,742,837</u></b>
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 1,852,575
Accrued payroll and taxes	703,895
Deferred revenue	741,026
Due to State Treasurer's Office	154,238
Due to other governments	353,530
Compensated absences payable	<u>867,110</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,672,374</b>
<b>NET ASSETS:</b>	
Invested in capital assets	269,461
Restricted	185,167
Unrestricted	<u>3,615,835</u>
<b>TOTAL NET ASSETS</b>	<b>\$ <u>4,070,463</u></b>

See Independent Auditors' Report.

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Statement of Activities - Division of Vocational Rehabilitation -  
Disability Determination Services

YEAR ENDED JUNE 30, 2008

		<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
<b>GOVERNMENTAL ACTIVITIES</b>			
Health and welfare	\$ 41,445,902	34,691,657	(6,754,245)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	\$ <u>41,445,902</u>	<u>34,691,657</u>	(6,754,245)
<b>TRANSFERS</b>			
State appropriations			<u>7,598,889</u>
<b>TOTAL TRANSFERS</b>			<u>7,598,889</u>
<b>CHANGE IN NET ASSETS</b>			844,644
<b>NET ASSETS, BEGINNING OF YEAR</b>			6,822,313
<b>RESTATEMENTS</b>			<u>(3,595,390)</u>
<b>NET ASSETS, BEGINNING OF YEAR, restated</b>			<u>3,226,923</u>
<b>NET ASSETS, END OF YEAR</b>			\$ <u>4,071,567</u>

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Schedule of Changes in Assets and Liabilities -  
Agency Fund**

**AS OF JUNE 30, 2008**

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>ASSETS:</b>				
Cash and temporary investments	\$ 216,480	3,260,368	(2,433,877)	1,042,971
Due from other state agencies	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>216,480</u></b>	<b><u>3,260,368</u></b>	<b><u>(2,433,877)</u></b>	<b><u>1,042,971</u></b>
<b>LIABILITIES:</b>				
Due to external parties	\$ <u>216,480</u>	<u>3,260,368</u>	<u>(2,433,877)</u>	<u>1,042,971</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>216,480</u></b>	<b><u>3,260,368</u></b>	<b><u>(2,433,877)</u></b>	<b><u>1,042,971</u></b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Supplemental Schedule of Cash and Cash Equivalents

YEAR ENDED JUNE 30, 2008

Agency/ Fund	Account Name	DFA Balance	Reconciling Items	General Ledger Balance
<b>General Fund:</b>				
924-05700	PED (State Public Education Department) - includes fund 924-500	\$ 2,501,925	-	2,501,925
924-05700	PED Petty Cash	-	50	50
624-50000	DVR (Division of Vocational Rehabilitation)	3,488,949	(176,406)	3,312,543
624-50100	DDS (Disability Determination Service) - includes Fund 644-519	<u>192,550</u>	<u>(346,788)</u>	<u>(154,238)</u>
<b>Total General Fund</b>		6,183,425	(523,144)	5,660,280
<b>Special Revenue and Capital Outlay Funds:</b>				
924-00500	Schools in Need of Improvement	2,714,830	-	2,714,830
924-20160	Ed Tech Deficiency Correct	3,313,981	-	3,313,981
924-29100	Special Capital Outlay - General Fund (1995)	40,647	-	40,647
924-33400	Family Youth	1,650,037	-	1,650,037
924-38700	Special Capital Outlay - General Fund (1996)	168,912	-	168,912
924-39700	Educator Certification	812,991	-	812,991
924-45800	Adult Basic Education	122,564	-	122,564
924-46800	Special Capital Outlay - STB (1999)	8,010	-	8,010
924-47000	Charter School Stimulus	620,740	-	620,740
924-51300	Pre-Kindergarten	2,647,400	-	2,647,400
924-54000	Special Capital Outlay - STB (1998)	2,950	-	2,950
924-54100	Special Capital Outlay - STB (1998)	82,429	-	82,429
924-54200	Special Capital Outlay - STB (1998)	34	-	34
924-54300	Special Capital Outlay - STB (1998)	5,038	-	5,038
924-56200	Professional Development	1,041,117	-	1,041,117
924-56800	Incentive for School Improvement	229,022	-	229,022
924-58600	Reading Materials	258,312	-	258,312
924-63300	Indian Education Act	4,569,913	-	4,569,913
924-63400	Public School Capital Improvements	5,617,716	-	5,617,716
924-63500	Public School Capital Outlay (Other)	1,666,205	-	1,666,205
924-63600	Kindergarten Capital Funding	328,880	-	328,880
924-63900	Kindergarten Plus	87,093	-	87,093
924-66000	Instructional Materials Adoption	140,748	-	140,748
924-66100	Special Capital Outlay - STB (1994)	26,670	-	26,670
924-66200	Education Technology	554,046	1	554,047
924-66900	School Library	120,944	-	120,944
924-67200	Federal School Food Services Flowthrough	(21,580,160)	-	(21,580,160)
924-67300	Federal Public Education Dept. Flowthrough	(41,554,843)	-	(41,554,843)
924-67400	Federal Vocational Education Flowthrough	1,095,269	-	1,095,269

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Supplemental Schedule of Cash and Cash Equivalents - continued

YEAR ENDED JUNE 30, 2008

Agency/ Fund	Account Name	DFA Balance	Reconciling Items	General Ledger Balance
<b>Special Revenue and Capital Outlay Funds - continued:</b>				
924-72500	Public Building Energy Efficiency Act	\$ 139,452	-	139,452
924-79000	Special Projects	21,001,578	-	21,001,578
924-81300	Special Capital Outlay - STB (2000)	(275,332)	-	(275,332)
924-81600	Special Capital Outlay - STB (2004)	(759,738)	-	(759,738)
924-81800	Special Capital Outlay - STB (2000)	74,456,619	-	74,456,619
924-84400	Federal Administrative Cost	(9,766,338)	-	(9,766,338)
924-85600	Instructional Materials Flowthrough	4,376,335	-	4,376,335
924-85700	State Support Reserve	1,000,000	-	1,000,000
924-85800	Public School Support Flowthrough	17,414,776	-	17,414,776
924-88900	Transportation Emergency	341,098	-	341,098
644-28000	Access to Telework Funds	<u>872,061</u>	<u>(6,858)</u>	<u>865,203</u>
<b>Total Special Revenue and Capital Outlay Funds</b>		<u>73,592,006</u>	<u>(6,857)</u>	<u>73,585,149</u>
<b>Trust and Agency Funds:</b>				
924-57300	Driver Safety Fees	1,042,971	(1,042,971)	-
924-61600	Eva Lou Kelly Scholarship	36,528	-	36,528
924-61600	Eva Lou Kelly Scholarship-CD with Charter Bank	-	20,000	20,000
924-99300	Tutor Scholar Program	<u>4,876</u>	<u>-</u>	<u>4,876</u>
<b>Total Trust and Agency Funds</b>		<u>1,084,375</u>	<u>(1,022,971)</u>	<u>61,404</u>
<b>Total Cash and Investments, net of Overdrafts</b>		<u>\$ 80,859,806</u>	<u>(1,552,972)</u>	<u>79,306,833</u>

**SINGLE AUDIT**

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Schedule of Expenditures of Federal Awards

AS OF JUNE 30, 2008

Federal Agency/ Pass-Through Agency	Pass-Through	Federal CFDA Number	Federal Participating Expenditures
<b>PUBLIC EDUCATION DEPARTMENT</b>			
<b>DEPARTMENT OF AGRICULTURE:</b>			
<b>Food and Nutrition Service:</b>			
National School Lunch Program/School Breakfast Program	Pass-Through	10.555 / 10.553	\$ 84,601,482
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
<b>Office of Elementary and Secondary Education:</b>			
Title I Grants to Local Educational Agencies	Pass-Through	84.010A	120,057,043
Migrant Education - State Grant Program	Pass-Through	84.011A	706,789
Title I Program for Neglected and Delinquent Children	Pass-Through	84.013A	272,221
MEP Consort. Incentive Grants (Migrant Consortium)	Pass-Through	84.144F	35,837
Education for Homeless Children and Youth	Pass-Through	84.196A	630,249
JAVITS Gifted and Talented Students Education Grant Program	Pass-Through	84.206A	110,936
Even Start - State Educational Agencies	Pass-Through	84.213C	690,958
Twenty-first Century Community Learning Centers	Pass-Through	84.287C	6,734,085
State Grants for Innovative Programs	Pass-Through	84.298A	686,087
Education Technology State Grants	Pass-Through	84.318X	2,161,838
Comprehensive School Reform Demonstration	Pass-Through	84.332A	101,773
Reading First State Grants	Pass-Through	84.357A	15,047,488
Rural Education	Pass-Through	84.358B	3,776,299
English Language Acquisition Grants	Pass-Through	84.365A	3,618,723
Mathematics and Science Partnerships	Pass-Through	84.366B	1,831,327
Improving Teacher Quality State Grants	Pass-Through	84.367A	24,787,168
Grants for State Assessments and Related Activities	Pass-Through	84.369A	<u>5,726,528</u>
<b>Total Office of Elementary and Secondary Education</b>			<b>186,975,349</b>
<b>Office of Special Education and Rehabilitative Services:</b>			
Special Education - Grants to States	Pass-Through	84.027A	79,638,178
Special Education - Preschool Grants	Pass-Through	84.173A	3,291,683
Special Education - State Personnel Development	Pass-Through	84.323A	<u>163,074</u>
<b>Total Office of Special Education and Rehabilitative Services</b>			<b>83,092,935</b>
<b>Office of Safe and Drug-Free Schools:</b>			
Safe and Drug-Free Schools and Communities - State Grants	Pass-Through	84.186A	2,342,260



STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Schedule of Expenditures of Federal Awards - continued

AS OF JUNE 30, 2008

Federal Agency/ Pass-Through Agency	Pass-Through	Federal CFDA Number	Federal Participating Expenditures
<b>PUBLIC EDUCATION DEPARTMENT - continued</b>			
<b>U.S. DEPARTMENT OF EDUCATION - continued:</b>			
<b>Office of the Assistant Secretary for Post-secondary Education:</b>			
Byrd Honors Scholarships	Pass-Through	84.185A	\$ 222,313
<b>Office of the Asst. Secretary for Educational Research and Improvement:</b>			
Fund for the Improvement of Education	Pass-Through	84.215V	937,848
<b>Office of Innovation and Improvement:</b>			
Charter Schools	Pass-Through	84.282A	6,881,241
Advance Placement Program	Pass-Through	84.330B	82,041
Transition to Teaching	Pass-Through	84.350B	<u>601,894</u>
<b>Total Office of Innovation and Improvement</b>			<b>7,565,176</b>
<b>Office of Vocational and Adult Education:</b>			
Voc. Educ. - Basic Grants to States/Adult Educ. - State Grant Program		84.048A / 84.002	8,297,479
Tech-Prep Education		84.243A	<u>998,137</u>
<b>Total Office of Vocational and Adult Education</b>			<b><u>9,295,616</u></b>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>375,032,979</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<b>Centers for Disease Control and Prevention:</b>			
Centers for Disease Control and Prev. - Investigations and Tech. Assistance	Pass-Through	93.283	51,205
<b>CORPORATION FOR NATIONAL COMMUNITY SERVICES:</b>			
Learn and Serve America - School and Community Based Programs		94.004	30,531
NCES			4,378
NAEP			(17,322)
<b>FED FISCAL RELIEF</b>			<u>875,908</u>
<b>TOTAL EXPENDITURES - PUBLIC EDUCATION DEPARTMENT</b>			<b>\$ <u>375,977,679</u></b>

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Schedule of Expenditures of Federal Awards - continued

AS OF JUNE 30, 2008

Federal Agency/ Pass-Through Agency	Pass-Through	Federal CFDA Number	Federal Participating Expenditures
<b>DIVISION OF VOCATIONAL REHABILITATION</b>			
<b>U.S. DEPARTMENT OF EDUCATION:</b>			
<b>Office of Special Education and Rehabilitative Services:</b>			
Rehabilitation Services - Vocational Rehabilitation Grants to States		84.126A	\$ 20,309,619
Independent Living State Grants		84.169A	242,894
Rehab. Training - State Vocational Rehabilitation Unit In-Service Training		84.265A	40,812
Supported Employment Services for Individuals with Severe Disabilities		84.187A	244,500
Rehabilitation Services - Service Projects		84.128G	246,948
New NMTAP		84.244A	337,332
NMRAM		84.235V	193,468
LINCS		84.235B	892
WIT		84.235M	102,889
Mentoring Trans Age Youth		84.235S	208,519
Rehabilitation Services Demonstration and Training Programs		84.235T	<u>149,729</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>22,077,602</b>
<b>SOCIAL SECURITY ADMINISTRATION:</b>			
Social Security - Work Incentives Planning and Assistance		96.008	81,554
Social Security - Disability Insurance		96.001	<u>10,987,461</u>
<b>TOTAL SOCIAL SECURITY ADMINISTRATION</b>			<b><u>11,069,015</u></b>
<b>TOTAL FEDERAL FUNDS</b>			<b>33,146,617</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<b>Centers for Medicare and Medicaid Services:</b>			
Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities		93.768	326,461
<b>DEPARTMENT OF LABOR:</b>			
Employment Service/Wagner-Peyser Funded Activities		17.207	703,609

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Schedule of Expenditures of Federal Awards - continued

AS OF JUNE 30, 2008

Federal Agency/ Pass-Through Agency	Pass-Through	Federal CFDA Number	Federal Participating Expenditures
<b>DIVISION OF VOCATIONAL REHABILITATION - continued</b>			
<b>OTHER:</b>			
NMSU Lincs		93.558	\$ 357,457
RAISE		84.133	<u>94,758</u>
<b>TOTAL OTHER</b>			<u>452,215</u>
<b>TOTAL EXPENDITURES - DIVISION OF VOCATIONAL REHABILITATION</b>			<u>34,628,902</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			\$ <u>410,606,580</u>

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Notes to Schedule of Expenditures of Federal Awards**

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**AS OF JUNE 30, 2008**

NOTE 1.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Department and is presented on the modified accrual basis of accounting.

NOTE 2.

The Department did not receive any federal awards in the form of non-cash assistance during the year.

NOTE 3.

Total amounts labeled as "Pass-Through" are \$ 365,737,363

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

State of New Mexico  
Public Education Department  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, each major fund, budgetary comparisons, the aggregate discretely presented component units, and the remaining aggregate fund information and the non-major government funds, fiduciary funds and the non-major budgetary comparisons presented as supplemental information of the State of New Mexico Public Education Department (the Department) as of and for the year ended June 30, 2008, and have issued our report thereon, dated December 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A **control deficiency** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A **significant deficiency** is a control deficiency, or a combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control. We consider the following deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting (08-1 through 08-10, 03-2, 03-3, 04-1, 06-3, 06-6, 07-2, 07-10, 07-11, 07-15, 07-16 and 07-21).



State of New Mexico  
Public Education Department  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

### **Internal Control Over Financial Reporting - continued**

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section, and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider items 08-8 and 03-3 to be material weaknesses.

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of management of the Department, the New Mexico Legislature, Department of Finance and Administration, the New Mexico Office of the State Auditor, and 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.

*Meyers + Company, LLC*

December 8, 2008

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

State of New Mexico  
Public Education Department  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

**Compliance**

We have audited the compliance of the State of New Mexico Public Education Department (the Department) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

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

As described in items 08-8 and 01-8 in the accompanying schedule of findings and questioned costs, the Department did not comply with requirements regarding the journal entry process, federal fund reconciliation, federal fund management, schedule of expenditures over federal awards preparation and reconciliation and cash management monitoring that are applicable to all federally funded programs. Compliance with such requirements is necessary, in our opinion, for the Department to comply with the requirements applicable to all programs.



State of New Mexico  
Public Education Department  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

### **Compliance – continued**

In our opinion, except for the noncompliance described in the preceding paragraph, the Department complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-8, 01-8, 03-12 and 06-12.

### **Internal Control Over Compliance**

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

A **control deficiency** in the Department's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A **significant deficiency** is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Department's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 03-12 and 06-12 to be significant deficiencies.



State of New Mexico  
Public Education Department  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

### **Internal Control Over Compliance - continued**

A **material weakness** is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 08-8 and 01-8 to be material weaknesses.

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

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

*Meyers + Company, LLC*

December 8, 2008

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Schedule of Findings and Questioned Costs

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YEAR ENDED JUNE 30, 2008

**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses a qualified opinion on the basic financial statements of the New Mexico Public Education Department (the Department).
2. Twenty-one significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, two of which are considered to be material weaknesses.
3. There were two instances of noncompliance material to the financial statements of the Department disclosed during the audit.
4. Four significant deficiencies were disclosed during the audit of the major federal award programs as reported in the Report on Compliance with the Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133. Of these deficiencies, two are considered to be material weaknesses.
5. The auditors' report on compliance for the major federal award programs for the Department expresses a qualified opinion.
6. The programs tested as major programs are:

84.369A	State Assessment Grant
84.282A	Charter Schools
84.010A	Title I
84.027/84.173A	IDEA B, Part B
84.048A	Carl Perkins – Vocational Education
84.365A	Title III, English Language Acquisition
84.287C	After School Learning, 21 <sup>st</sup> Century
84.357A	Reading First
84.318X	Title II, Part D, Educational Technology
10.555/10.553	Student Nutrition Cluster
96.001	Disability Determination
7. The threshold for distinguishing Types A and B programs was \$3,000,000.
8. It was determined that the Department was not a low-risk auditee.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

The State of New Mexico Public Education Department is made up of two distinct appropriated entities: the Public Education Department (PED) and the Division of Vocational Rehabilitation (DVR). The applicable department is indicated next to the title of each finding.

**08-01 AGENCY-SPECIFIC INFORMATION SECURITY POLICY - PED**

**Condition:** PED does not have an agency-specific information security policy.

**Criteria:** All IT departments should have an information security policy tailored for their agency's specific needs.

**Cause:** Management oversight.

**Effect:** Information security oversight and increased risk of fraud.

**Recommendation:** PED should develop an agency-specific information security policy in addition to using DoIT's policy as a guideline.

**Management's Response:** Using the Department of Information Technology policy as a departure point, NMPED has begun writing an agency specific policy that should be approved and in place in the spring of 2009. This policy takes into account the unique responsibilities of a state level education agency to safeguard data, as well as the systems that are agency specific.

**08-2 FIXED ASSETS INVENTORY - PED**

**Condition:** The fixed asset inventory for the Internal Technology assets was not certified; thus, we were unable to determine if an annual physical inventory count occurred.

**Criteria:** SAO Audit rule 222.10.Y Section 12-6-10, NMSA 1978, requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

**Cause:** The IT Department did not follow the established SAO Rule. The IT department does not know if any computer with a hard drive was disposed of. If so, the disposal also requires a certification.

**Effect:** By not performing an inventory count, the fixed asset listing may include items that are no longer in the possession of PED.

Schedule of Findings and Questioned Costs - continued

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-2 FIXED ASSETS INVENTORY – PED - continued**

**Recommendation:** We recommend all departments follow the established SAO audit rule pertaining to capital assets.

**Management's Response:** NMPED IT is in the process of completing the physical inventory to use as a baseline and is developing a policy for completing and certifying an annual inventory at the end of every fiscal year. Through several meetings in fall 2008, several issues were resolved regarding allocation of responsibilities between ASD and IT. This allowed a comprehensive plan to be created.

**08-3 CERTIFICATION OF EXPENSE VOUCHERS - PED**

**Condition:** Out of forty samples tested, one mileage reimbursement form used by an employee was a copy of a previously submitted reimbursement, which was changed using white out. This reimbursement was reviewed and processed. The reimbursement was for \$254.73.

**Criteria:** As a state agency, the Department must follow the existing Manual of Model Accounting Practices' (MAPS) procedures for accounts payable, which requires all vouchers to be certified as true and correct by the officer or employee designated to make payments.

**Cause:** The preparation of the mileage reimbursement and the review of that reimbursement did not meet the requirements as identified in MAPS.

**Effect:** Improper review may lead to unallowable expenses being processed and paid.

**Recommendation:** We recommend the Department eliminate the use of copies of previously submitted reimbursements as a template. The review process must be better explained to ensure the reviewer understands the detail of review required on each voucher.

**Management's Response:** Management concurs with this finding and will establish procedures to ensure that vouchers submitted with erroneous or altered information are returned to the previous level of review for corrective action in accordance with MAPS.

**08-4 REVIEW AND APPROVAL OF EXPENSE VOUCHERS - PED**

**Condition:** The Department issued payment for a per diem reimbursement that was submitted and approved by the same person.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-4 REVIEW AND APPROVAL OF EXPENSE VOUCHERS – PED - continued**

**Criteria:** As a state agency, the Department must follow the existing MAPS procedures for accounts payable, which requires all vouchers to be certified as true and correct by the officer or employee designated to make payments, and who is someone other than the individual submitting for the request for expense reimbursement.

**Cause:** The current policy allows the individual submitting a reimbursement to approve the voucher.

**Effect:** An individual can prepare and approve reimbursement without an independent review and approval.

**Recommendation:** We recommend the Department implement a policy whereby the preparer and the reviewer of the reimbursement are not the same person.

**Management's Response:** Management concurs with this finding and will ensure that MAPS procedures are followed and that, more specifically, reimbursement vouchers are not processed if they are prepared and reviewed by the same person.

**08-5 UNRECONCILED PAYMENT VOUCHER PACKAGE - PED**

**Condition:** During our single audit testwork of cash disbursement for grants, we found one voucher package out of the 200 tested which had a voucher amount that differed from the request for reimbursement.

**Criteria:** The amount requested for reimbursement from various public schools should match the payment voucher.

**Cause:** Management oversight.

**Effect:** A school may have received more or less monies than it actually requested.

**Recommendation:** Every cash disbursement package should reconcile to the amount calculated on the request for reimbursement form.

**Management's Response:** Management concurs with this finding and is currently in the process of reviewing all internal controls in the grants area. Throughout this review and implementation of new internal control procedures, as necessary, management will ensure that procedures are implemented to ensure that adequate review is conducted at each level of review.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-6 PAYMENT VOUCHER PACKAGE LACKING SUPPORT DOCUMENTATION - PED**

**Condition:** During our single audit testwork of cash disbursements for grants, we found one voucher package out of the 200 tested which had a change made to the total amount requested on the request for reimbursement form without any supporting documentation.

**Criteria:** Any changes made to the request for reimbursement should be supported by an e-mail communication detailing the change, including a written explanation of the change made.

**Cause:** Management oversight.

**Effect:** Schools may be receiving more or less monies than requested.

**Recommendation:** Every change made to a request for reimbursement form should be supported by an explanation of the change being made as well as an updated calculation of the reimbursement amount.

**Management's Response:** Management concurs with this finding and is currently in the process of reviewing all internal controls in the grants area. Throughout this review and implementation of new internal control procedures, as necessary, Management will ensure that procedures are implemented to ensure that adequate documentation is obtained to support all vouchers.

**08-7 LACK OF SUB-RECIPIENT DOCUMENTATION - PED**

**Condition:** During our single audit testwork of cash disbursements for grants, we found four voucher packages out of the 200 tested which did not contain expense backup documentation from the sub-recipient.

**Criteria:** The amount requested for reimbursement should have supporting documentation showing the expense amount posted to the general ledger or an invoice showing payment for the amount requested for reimbursement.

**Cause:** Management oversight.

**Effect:** PED could issue warrants for amounts more or less than actual expenditures.

**Recommendation:** Every cash disbursement package should be reviewed to ensure the sub-recipient has submitted the appropriate documentation to support the request for reimbursement.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-7 LACK OF SUB-RECIPIENT DOCUMENTATION – PED - continued**

**Management's Response:** Management concurs with this finding and is currently in the process of reviewing all internal controls in the grants area. Throughout this review and implementation of new internal control procedures, as necessary, Management will ensure that procedures are implemented to ensure that adequate documentation and authorization is obtained to support payment of all vouchers.

**08-8 GRANTS BILLING AND REIMBURSEMENT TRACKING – PED (Material Weakness)**

**Condition:** During our testwork on financial and A-133 attributes associated with the grants billing and reimbursement, we noted that no procedures are in place to accurately track cash forecasts associated with accounts payable, accounts receivable and grant carryovers. The cash balances for fund SHARE 67300 are accurate at the balance sheet date, but cash to be received or paid out cannot be forecasted. The process in the grant area is missing the monitoring component, and data produced in the grants bureau is not made available to the financial bureau.

**Criteria:** In order to forecast cash, events associated with the inflows and outflows of cash should be predictable and an understanding of the cash cycle associated with federal drawdown should be completely understood.

**Cause:** No formal process is in place to monitor the cash balance forecast in the grants bureau.

**Effect:** PED has no lead time to be made aware of a cash shortage.

**Recommendation:** New processes and procedure should be implemented to be able to accurately forecast cash balances.

**Management's Response:** Management concurs with this finding and has mandated that cash control policies and procedures be implemented during the current fiscal year.

**08-9 LACK OF SUB-RECIPIENT DOCUMENTATION AND APPROVAL - PED**

**Condition:** During our single audit testwork of cash disbursements for grants, we found one voucher package out of the 200 tested which contained neither expense backup documentation from the sub-recipient nor an authorized signature from ASD.

**Criteria:** The amount requested for reimbursement should have supporting documentation showing the expense amount posted to the general ledger or an invoice showing payment for the amount requested for reimbursement, as well as an authorized signature from ASD approving the request for reimbursement.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-9 LACK OF SUB-RECIPIENT DOCUMENTATION AND APPROVAL – PED - continued**

**Cause:** Management oversight.

**Effect:** PED could issue warrants for amounts more or less than actual expenditures.

**Recommendation:** Every cash disbursement package should be reviewed to ensure the sub-recipient has submitted the appropriate documentation to support the request for reimbursement.

**Management's Response:** Management concurs with this finding and is currently in the process of reviewing all internal controls in the grants area. Throughout this review and implementation of new internal control procedures, as necessary, Management will ensure that procedures are implemented to ensure that adequate documentation and authorization is obtained to support payment of all vouchers.

**08-10 LACK OF AUTHORIZATION FOR VOUCHER PACKAGES - PED**

**Condition:** During our single audit testwork of cash disbursements for grants, we found 38 voucher packages out of the 200 tested which did not contain an authorized signature from ASD.

**Criteria:** The request for reimbursement should have a program individual's signature, as well as an ASD signature.

**Cause:** Management oversight.

**Effect:** PED could issue warrants for expenses that may not be approved.

**Recommendation:** Every voucher package should contain a request for reimbursement that has an authorized signature from ASD.



Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**08-10 LACK OF AUTHORIZATION FOR VOUCHER PACKAGES - PED - continued**

**Management's Response:** Management concurs with this finding and is currently in the process of reviewing all internal controls in the grants area. Throughout this review and implementation of new internal control procedures, as necessary, Management will ensure that procedures are implemented to ensure that adequate documentation and authorization is obtained to support payment of all vouchers.

**PRIOR YEAR FINDINGS**

**03-2 RELIABLE ACCOUNTING SYSTEMS – PED (Updated)**

**Condition:** In prior years, we noted that the Department did not utilize an automated and integrated subsidiary ledger system to track Federal grants, bond activity and indirect costs, and to reconcile general ledger accounts to DFA. Although the Department has made progress, the tracking of federal funds and capital projects is still maintained on individual spreadsheets outside the general ledger system. The processes are inconsistent between programs, and subject to an increased risk of error.

In the past year, DFA implemented the SHARE Grants Module. This module was not used during the year due to the difficulties encountered with the module.

**Criteria:** Information used should be generated through reliable sources, such as automated and integrated subsidiary and general ledger systems.

**Cause:** The current accounting systems utilized are not able to support the pooling of financial information for the items listed above. The SHARE Grants Module did not function as expected.

**Effect:** The formulas within the various and numerous Excel spreadsheets could easily be manipulated and human error can result in misstating pertinent financial information. Also, duplication of general ledger data creates inefficiencies in accounting functions.

**Recommendation:** The Department should reconsider implementing the SHARE Grants Module once the software has been updated.

**Management's Response:** The PED continues to work with the SHARE Team and other agencies in an attempt to utilize the grants module to its full capacity. While the PED is not utilizing the SHARE grants module, the practice of utilizing off-line spreadsheets in lieu of drawing data from SHARE for financial statement purposes has ceased. All data is drawn from other SHARE modules such as the accounts payable and commitment control modules.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**03-3 CORRECTING ENTRIES - PED (Material Weakness)**

**Condition:** Although the Department has made tremendous progress in the timeliness of closing its general ledger, there are still delays. This increases the likelihood of uncorrected errors in account balances at fiscal year closing. The Department made its final adjustment to the general ledger on January 10, 2008.

**Criteria:** General ledger systems and supporting schedules and reconciliations should reflect correct balances through the posting of correcting journal entries. In addition, the general ledger should be closed timely with respect to year end.

**Cause:** The reconciliation process and the posting of the entries resulting increases the amount of time needed to close the general ledger.

**Effect:** General ledger systems do not reflect correct balances. Inefficiencies will occur throughout the year and during year-end closing of the books of record.

**Recommendation:** The Department should limit the number of personnel that can make adjusting journal entries. Additionally, all journal entries should be reviewed and approved by a knowledgeable accounting supervisor before being posted.

**Management's Response:** With regard to limiting the number of personnel that can make adjusting journal entries, a listing will be obtained from the Department of Finance and Administration's SHARE unit that will note all PED employees with the capability to enter and/or review journal entries. The listing will be reviewed with the PED CFO to limit that capability as necessary.

Management will ensure that MAPS policies and procedures are adhered to and that internal control procedures are implemented as necessary to ensure adequate controls in that area.

**04-1 INFORMATION SYSTEMS - SERVERS NOT SUPPORTED BY VENDOR**

**Condition:** PED is still utilizing several servers with NT 4.0. This software is no longer supported by the vendor and needs to be replaced.

**Criteria:** Good internal controls over information systems suggest that software should have vendor support to reduce the risk of loss.

**Cause:** PED has plans to upgrade the servers to Windows 2003, but must go through General Services Department (GSD) in order to do the upgrade. Upgrading and phasing out several servers is being held up by the inability to switch from NT 4.0.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**04-1 INFORMATION SYSTEMS - SERVERS NOT SUPPORTED BY VENDOR - continued**

**Effect:** Remaining on NT 4.0 leaves PED vulnerable to possible problems since no more updates for security flaws will be released and/or there is no support available from the vendor for other issues that may arise.

**Recommendation:** PED should work with GSD to allow them to plan and carry out this upgrade before the end of the year.

**Management's Response:** NMPED IT department has recently received new servers with virtualization technology that will allow all applications on non-supported servers to be moved to supported servers.

**06-3 INFORMATION SYSTEMS - PED - Disaster Recovery Plan**

**Condition:** While a disaster recovery plan has been drafted, the Department has not yet created a formal disaster recovery plan.

**Criteria:** In today's financial information environment, it is critical that a disaster recovery plan be in place and documented to help ensure there is minimal loss of data and minimal interruption to operations in the event of a disaster.

**Cause:** While a disaster recovery plan has been drafted, a finalized version was not available during the year being audited.

**Effect:** A lack of a complete disaster recovery plan puts the Department at risk for failure of critical business functions.

**Recommendation:** We recommend that the Department finalize its disaster recovery plan which should include the following:

- a. Identification of critical technology functions and an impact analysis to determine what functions can tolerate extended services outages.
- b. Special consideration should be given to recovery of critical systems, connectivity to the Internet, telecommunications, and e-mail service.
- c. After final development, the plan should be tested annually using a structured walkthrough to ensure its viability.

Schedule of Findings and Questioned Costs - continued

**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**06-3 INFORMATION SYSTEMS - PED - Disaster Recovery Plan - continued**

**Management's Response:** NMPED IT department has recently received new servers with virtualization technology that will allow backups from the DoIT systems as well as mirroring of internal systems. In addition, a new Disaster Recovery plan is currently being vetted with DoIT and will be implemented and tested as soon as it is complete.

**06-6 BASIS OF ACCOUNTING - DVR**

**Condition:** DVR did not maintain its books on a consistent basis during the year. In fund 50100 (DDS), some accruals were recorded, while others were not. Funds 50000 (DVR) and 28000 (Teleworks) were maintained on a cash basis. Additionally, the Schedule of Federal Expenditures did not properly reflect accruals.

**Criteria:** According to the General Appropriation Act of 2004, State agencies are to use the modified accrual basis as their budgetary basis.

**Cause:** In 2005, State agencies changed their budgetary basis from the cash to the modified accrual basis. DVR's personnel were not trained in the modified accrual basis of accounting.

**Effect:** The general ledger required numerous audit entries at year-end.

**Recommendation:** We recommend that the Department train accounting personnel in how to maintain the general ledger in the modified accrual basis.

**Management's Response:** With the implementation of the new accounting system, training DVR staff on principles of accounting in GAAP has not been provided. However, staff has been diligent in recording to the best of their ability and knowledge on the accrual basis of accounting. In addition, steps have been taken in reclassifying a position to a Financial Coordinator Advanced. The incumbent hired will have the credentials needed to ensure the agency's budgetary basis of accounting is applied to the modified accrual basis of accounting.

**07-2 TIMESHEET AUTHORIZATION - PED**

**Condition:** During our interview and subsequent test of controls for payroll, proper authorization of timesheets and approvals for leave balances recorded, we noted that current policy and procedures allow for approval of time and leave by the Human Resource Administrator when the employee's immediate supervisor is not available.

**Criteria:** Each employee's time should be approved by a direct supervisor.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**07-2 TIMESHEET AUTHORIZATION – PED - continued**

**Cause:** The cause of this exception is a result of policy and procedures put in place to avoid shorting an employee hours which would result in the DFA having to manually cut a check to ensure timely and proper payment to the employee.

**Effect:** The authorization of hours worked by an employee without direct knowledge of the actual hours worked by that employee could result in abuse or fraud in employee compensation.

**Recommendation:** We recommend that policy and procedures be amended to allow for approval of an employee's time and leave by the employee's immediate supervisor only and eliminate the ability of the Human Resource Administrator to approve time and leave.

**Management's Response:** Policies and procedures are in place at the PED to ensure proper authorization of employee time keeping. However, in the event that employees' time keeping is not approved the Human Resources Bureau must continue to approve those employees' time keeping in order to ensure that the employee is paid timely.

**07-10 OVERPAYMENT TO DISTRICTS - PED**

**Condition:** During our test of controls for cash disbursements, we noted an overpayment of approximately \$800,000 in relation to reimbursement of 13000 Transportation Funds to school districts.

**Criteria:** A formula used to allocate funds determines the amounts to fund each school district.

**Cause:** Oversight by management during the distribution process.

**Effect:** Overpayment to districts, and the resulting effort to collect the overpaid funds.

**Recommendation:** We recommend a review of the formula calculation and distribution prior to release to ensure accuracy. The review of the distribution should include a recalculation of the distribution amount.

**Management's Response:** This instance occurred during the transition of supervisors in the Flowthrough Bureau of ASD. When the payment was made, the manual subsidiary ledgers were used and information was not verified in the SHARE system. PED management will ensure that fund reconciliation has occurred prior to payment.

Currently, the SHARE system processes duplicate payments if the invoice number is different. PED will implement an invoice numbering system to be used in conjunction with fund reconciliation for Transportation invoices to avoid any future duplicate payments.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**07-11 INVOICE OVERPAYMENT - PED**

**Condition:** During our test of controls, we noted that 1 out of the 40 cash disbursements tested did not take into account a credit noted on the invoice prior to payment.

**Criteria:** Invoices should be paid on the net amount due.

**Cause:** Disbursement was not recalculated as described on the payment request form.

**Effect:** Overstatement of expense, and overpayment to the vendor.

**Recommendation:** We recommend a review of all invoices prior to payment to ensure the payment amount represents the net invoice amount.

**Management's Response:** The current process and procedure at PED includes entering a credit memo for these adjustments. Supervisors will ensure adherence to the policies and procedures.

**07-15 SHARE NUMBER LIMITATION - PED**

**Condition:** SHARE has a number limitation at 999,999,999, or nine digits, in its reporting.

**Criteria:** PED has funds that go into the billions. Reports for these funds do not display complete numbers.

**Cause:** SHARE reporting is limited to one hundred million, or nine digits.

**Effect:** Reports from SHARE have to be added up because the system is unable to accommodate 10 digits.

**Recommendation:** We recommend that this issue is one of the first to be resolved when a SHARE consultant becomes available to PED.

**Management's Response:** PED will continue to work with the SHARE team toward resolution of this issue.

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**07-16 SHARE GRANTS MODULE – PED / DVR**

**Condition:** During our fieldwork, we noted both PED and DVR were not utilizing the SHARE Grants module to track, bill and report on the grant activities.

**Criteria:** The SHARE Grant module is an asset both PED and DVR were mandated to use by the New Mexico Department of Financial Administration to track grant activity.

**Cause:** PED and DVR have created “work around” procedures to track grant activity. The SHARE Grant module has not worked on a consistent manner.

**Effect:** The SHARE Grants module at PED and DVR has remained unused. “Work around” procedures using Microsoft Excel eliminate the controls that are present in the accounting software package. The formulas and functions in the spreadsheets have to be constantly updated and tested.

**Recommendation:** We recommend that PED and DVR work with the New Mexico Department of Financial Administration to fully implement and use the SHARE Grants module .

**Management’s Response:** Funding has not been secured to correct or mitigate this issue. PED and DVR will continue to utilize the work-around procedures until funding is secured. .

**07-21 OVER-EXPENDED APPROPRIATION UNITS – PED / DVR**

**Condition:** The Department over-expended the appropriation unit on the following funds:

- SHARE fund 28000 - Contractual Services appropriation unit by \$2,205.
- SHARE fund 58600 – Other Operating Costs appropriation unit by \$587,800.

**Criteria:** The Department’s financial system should detect over-expenditures before they occur.

**Cause:** Non-budgeted expenditures being applied against the final budget and not submitting Budget Adjustment Requests on time.

**Effect:** The appropriation units described above for funds 28000 and 58600 were over-expended.

**Recommendation:** The Department must track all expenditures and submit Budget Adjustment Requests to ensure compliance with the final budget.

STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT

Schedule of Findings and Questioned Costs - continued

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

**07-21 OVER-EXPENDED APPROPRIATION UNITS – PED / DVR - continued**

**Management's Response:** For Fund 28000, the accrual includes an accrual for a service contract; the accrual entry was for \$5,000. This created the over-expenditure. The accrual was not budgeted in 2008.

With regard to Fund 58600, PED was aware of the over-expended amounts in the Operating Costs line item. The overage is due to the fact that the time had lapsed for submission of Budget Adjustment Request Forms.



Schedule of Findings and Questioned Costs - continued

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

01-8 (FEDERAL) RECONCILIATION TO THE U.S. DEPARTMENT OF EDUCATION  
"G-5" SYSTEM, ALL U.S. DEPARTMENT OF EDUCATION 84.XXX - PED (Material  
Weakness)

**Federal Programs:**

Title I – U.S. Department of Education, CFDA 84.010  
IDEA B Cluster – U.S. Department of Education, CFDA 84.027/84.173  
Title II Part D – U.S. Department of Education, CFDA 84.318  
Charter Schools – U.S. Department of Education, CFDA 84.282  
Title III – U.S. Department of Education, CFDA 84.365  
Title II Part A – U.S. Department of Education, CFDA 84.367  
After School Learning – U.S. Department of Education, CFDA 84.287  
Reading First – U.S. Department of Education, CFDA 84.357  
State Assessment – U.S. Department of Education, CFDA 84.369  
Carl Perkins Cluster – U.S. Department of Education, CFDA 84.048/84.002

**Condition:** In the prior year, it was noted that a formal reconciliation of grant balances to the amount reported by the U.S. Department of Education electronic reporting system (G-5) was not being done on a quarterly basis. Management began formally reconciling to the G-5 system during 2005. Tremendous progress has been noted during the audit. However, we noted that there still are unlocated differences between draws and expenditures that PED has not resolved.

**Criteria:** The U.S. Department of Education requires grantees to reconcile their records of remaining grant balances to the G-5 system as part of control over cash management on a quarterly basis.

**Questioned Costs:** None.

**Cause:** The U.S. Department of Education grants usually remain open for 27 months after the beginning of the grant year. Since PED was not properly reconciling expenditures and receipts prior to fiscal year 2005, PED is still receiving receipts for prior period expenditures that were not recorded as revenue in the period incurred.

**Effect:** PED is recognizing prior year revenues in the current period. There is an unresolved variance in Fund 84400 – Federal Administration Fund, resulting in a deficit fund balance of \$1,052,000.

**Recommendation:** PED should continue reconciling ending grant balances by program, by grant year, on a quarterly basis to the remaining grant balances from the GAPS system. Unreconciled differences should be identified and resolved.

Schedule of Findings and Questioned Costs - continued

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C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT - continued

01-8 (FEDERAL) RECONCILIATION TO THE U.S. DEPARTMENT OF EDUCATION  
“G-5” SYSTEM, ALL US DEPARTMENT OF EDUCATION 84.XXX - PED (Material  
Weakness) - continued

**Management’s Response:** PED has reviewed the 84400 deficit fund balance and has been unable to determine the nature of the deficit. PED will continue to investigate the deficit fund balance.

03-12 SUBRECIPIENT MONITORING AND REIMBURSEMENT POLICIES AND  
PROCEDURES - PED

**Federal Programs:**

Charter Schools – U.S. Department of Education, CFDA 84.282A  
Carl Perkins – U.S. Department of Education, CFDA 84.048A

**Condition:** In our test work of subrecipient monitoring, we noted the following:

- 84.282A – Charter Schools – There were no site visits or desk reviews performed.
- 84.048A – Carl Perkins – There were no site visits or desk reviews performed.

**Criteria:** According to OMB Circular A-133 and A-102 Common Rule, a pass-through entity is required to monitor the subrecipient’s use of Federal funds through site visits to assure that the subrecipient administers the Federal awards in compliance with laws, regulations and the provisions of the grant agreement, and that performance goals are achieved.

**Questioned Costs:** None.

**Cause:** There are no procedures in place that require either fiscal or program personnel to review support for program expenditures.

**Effect:** Schools could be spending funds on non-allowable costs. In addition, subrecipients may not be correcting findings noted in the audit reports.

**Recommendation:** Schools should be required to send documentation supporting program expenditures. Fiscal or program personnel should review to ensure that the schools are spending the funds as budgeted. Audit reports should also be reviewed to ensure any problems with Federal programs are known and can then be addressed from PED's perspective. PED should then require corrective action plans from those schools in which there are program findings.

Schedule of Findings and Questioned Costs - continued

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C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT - continued

03-12 SUBRECIPIENT MONITORING AND REIMBURSEMENT POLICIES AND PROCEDURES - PED - continued

**Management's Response:** The PED is in the process of reviewing internal control policies and procedures, reconciliation processes and procedures, and overall work flow as it pertains to federal funding and the associated tracking and accounting. The review and implementation of policies and procedures should be completed by the end of the current fiscal year and will involve evaluation of internal control procedures at the program, flowthrough and accounting levels.

Charter Programs - Expenditures of federal Public Charter School Program grant funds by awarded Charter Schools are subject to review at three points within the grant application and management process. (1) Proposed budgets submitted with the grant applications are reviewed for allowable expenditures. Proposed expenditures that are not allowable under federal and state requirements are deducted from the approved budget. (2) Grantees submit copies of itemized invoices and/or purchase orders with claims for payment. Items that are not allowable or which do not appear on the approved budget for the grant are not approved for payment. (3) All grantees are required to submit quarterly expenditure reports to NM PED Fiscal Division. These reports serve as an additional verification that expenses were allowable and approved. Further grant payments are not approved if these reports are not up-to-date. This more stringent system of approvals for Public Charter School Program grantees was instituted due to errors in past grant management practices as well as the fact that new Charter School operators may not be familiar with the requirements and responsibilities of direct federal grant recipients. This method serves to ensure that federal funds are used appropriately, as well as to train new charter school operators in their responsibilities as direct federal grantees. It is our intention to transition grantees to a reimbursement basis requiring only summary expenditure information as described in the prior response, once a record of appropriate expenditures is established for the individual grantee.

Carl Perkins Program (CTWEB) - The monitoring instrument for Carl Perkins was finalized in October 2007. The Federal Monitors reviewed the instrument during a site visit and determined that the monitoring instrument is sufficient to implement into the school districts. The monitoring instrument was tested at Gadsden Schools and Central New Mexico to ensure completeness of the tool. A sub-recipient monitoring schedule continues to be finalized, and CTWEB anticipates that official monitoring will begin in Spring 2008.

Schedule of Findings and Questioned Costs - continued

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**C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT - continued**

**06-12 PERIODIC PAYROLL CERTIFICATIONS - ALLOWABLE COSTS**

**Federal Programs:**

Title I – U.S. Department of Education, CFDA 84.010  
IDEA B Cluster – U.S. Department of Education, CFDA 84.027/84.173  
Title II Part D – U.S. Department of Education, CFDA 84.318  
Charter Schools – U.S. Department of Education, CFDA 84.282  
Title III – U.S. Department of Education, CFDA 84.365  
Title II Part A – U.S. Department of Education, CFDA 84.367  
After School Learning – U.S. Department of Education, CFDA 84.287  
Reading First – U.S. Department of Education, CFDA 84.357  
State Assessment – U.S. Department of Education, CFDA 84.369  
Carl Perkins Cluster – U.S. Department of Education, CFDA 84.048/84.002  
School Lunch Program Cluster – U.S. Department of Agriculture, CFDA 10.555/10.553/10.560

**Condition:**

1. In our sample of payroll disbursements, we noted that employees whose time is charged solely to federal grants (Fund 84400) did not have an accompanying periodic certification to support charges for their salaries and wages.
2. Our sample of payroll disbursements also included employees whose time was charged to more than one grant or to federal and non-federal activities. We noted that there is no documentation supporting the allocation of charges to federal grants in accordance with OMB Circular A-87 Attach B, Para 8.h(4).

**Criteria:**

1. Pursuant to OMB Circular A-87 Attach B, Para 8.h(3): Support of salaries and wages: “Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employer or supervisory official having first-hand knowledge of the work performed by the employee.”
2. This requirement applies to employees that have work assignments on:
  - a) More than one Federal award,
  - b) a Federal award and a non-Federal award,
  - c) an indirect cost activity and a direct cost activity,
  - d) two or more indirect activities which are allocated using different allocation bases, or
  - e) an unallowable activity and a direct or indirect cost activity.

Schedule of Findings and Questioned Costs - continued

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C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT - continued

06-12 PERIODIC PAYROLL CERTIFICATIONS – ALLOWABLE COSTS - continued

**Criteria - continued:**

Pursuant to OMB Circular A-87 Attach B, Para 8.h(5), personnel activity reports or equivalent documentation must meet the following standards (in part):

- a) They must reflect an after-the-fact distribution of the actual activity of each employee,
- b) they must account for the total activity for which each employee is compensated,
- c) they must be prepared at least monthly and must coincide with one or more pay periods, and
- d) they must be signed by the employee.

**Questioned Costs:** Unknown.

**Cause:**

1. It appears that a formal process for certifying time and effort for employees does not exist. In addition, due to a lack of approved certifications by supervisory staff, there does not appear to be adequate review of time and effort on Federal awards.
2. Time sheets are not signed by employees or retained. In addition, it does not appear they are prepared with a break-out of the distribution of salaries and wages across activities or cost objectives. While personnel action forms show the initial distribution, there does not appear to be a system in place to account for an “after-the-fact” distribution. We further noted that there do not appear to be any substitute systems for allocating salaries per the guidelines established in OMB Circular A-87.

**Effect:** The result is non-compliance with federal requirements for documentation of Employee Time and Effort.

**Recommendation:**

1. We recommend that a careful review be made of time record retention requirements and that a department-wide policy for time record retention be adopted that maintains records for specified periods and provides for their destruction only after the specified period.
2. We recommend that the Department implement the use of “after-the-fact” reporting of the distribution of salaries and wages across activities or cost objectives.

**Management’s Response:** The PED continues to work toward the resolution of the finding. The PED is in the process of reviewing internal control policies and procedures, reconciliation processes and procedures, and overall work flow as it pertains to federal funding and the associated tracking and accounting. The review and implementation of policies and procedures should be completed by the end of the current fiscal year.

Schedule of Findings and Questioned Costs - continued

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT - continued

08-8 GRANTS BILLING AND REIMBURSEMENT TRACKING – PED (Material Weakness)

**All Federal Programs**

**Condition:** During our testwork on financial and A-133 attributes associated with the grants billing and reimbursement, we noted that no procedures are in place to accurately track cash forecasts associated with accounts payable, accounts receivable and grant carryovers. The cash balances for fund SHARE 67300 are accurate at the balance sheet date, but cash to be received or paid out cannot be forecasted. The process in the grant area is missing the monitoring component, and data produced in the grant department is not made available to the financial department.

**Criteria:** In order to forecast cash, events associated with the inflows and outflows of cash should be predictable and an understanding of the cash cycle associated with federal drawdown should be completely understood.

**Cause:** No formal process is in place to monitor the cash balance forecast in the grants department.

**Effect:** PED has no lead time to be made aware of a cash shortage.

**Recommendation:** New processes and procedure should be implemented to be able to accurately forecast cash balances.

**Management's Response:** The PED is in the process of reviewing internal control policies and procedures, reconciliation processes and procedures, and overall work flow as it pertains to federal funding and the associated tracking and accounting. This includes the establishment of cash control procedures. The review and implementation of policies and procedures should be completed by the end of the current fiscal year.

Summary Schedule of Prior Year Audit Findings

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

- 01-17 Audit Report Not Submitted Timely -- Resolved
- 03-2 Reliable Accounting Systems - PED -- Repeated
- 03-3 Correcting Entries - PED (Material Weakness) -- Repeated
- 04-1 Information Systems - Servers Not Supported by Vendor -- Repeated
- 06-1 Reconciliation of Cash Accounts - PED -- Resolved
- 06-3 Information Systems - PED and DVR - Disaster Recovery Plan – Repeated and Updated
- 06-6 Basis of Accounting - DVR -- Repeated
- 07-1 Personnel Files – PED – Resolved
- 07-2 Timesheet Authorization – PED - Repeated
- 07-3 Missing Support Documentation for Per Diem – Resolved
- 07-4 Missing Support Documentation for Out-of-State Travel – PED – Resolved
- 07-5 Missing Approval for Travel Vouchers – DVR – Resolved
- 07-6 Reimbursement Request Discrepancies – PED – Resolved
- 07-7 Reimbursement Request Missing Documentation – PED – Resolved
- 07-8 Reimbursement Request Missing Documentation – PED – Resolved
- 07-9 Reimbursement Request Missing Authorization – PED – Resolved
- 07-10 Overpayment to Districts – Repeated
- 07-11 Invoice Overpayment – Repeated
- 07-12 Receipts Recorded Incorrectly – PED – Resolved
- 07-13 Missing Information for Receipt – PED – Resolved

**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Summary Schedule of Prior Year Audit Findings - continued**

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued**

- 07-14 Deposit Not Recorded – PED – Resolved
- 07-15 SHARE Number Limitation – PED – Repeated
- 07-16 SHARE Grants Module – PED/DVR – Repeated
- 07-17 Transferred Employees – DVR – Resolved
- 07-18 Recording of Cash Disbursements in SHARE – DVR – Resolved
- 07-19 Capital Asset Recording and Reconciliation – DVR – Resolved
- 07-20 Recording of Subrecipient Refunds – PED – Resolved
- 07-21 Over-expended Appropriation Units – Repeated

**C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS**

- 01-8 (Federal) Reconciliation to the U.S. Department of Education “G-5” System, All U.S. Department of Education 84.xxx (Material Weakness) - PED – Repeated
- 03-9 Federal Funds Management - PED (Material Weakness) – Resolved
- 03-11 Schedule of Expenditures of Federal Awards - PED (Material Weakness) – Resolved
- 03-12 Subrecipient Monitoring and Reimbursement Policies and Procedures – PED – Repeated
- 06-12 Periodic Payroll Certifications - Allowable Costs – Resolved



**STATE OF NEW MEXICO  
PUBLIC EDUCATION DEPARTMENT**

**Exit Conference**

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An exit conference was held with the Department on December 1, 2008, at the State Roundhouse. In attendance were:

**PUBLIC EDUCATION DEPARTMENT**

Don D. Moya	Deputy Secretary (in abstencia of Veronica Garcia, Ed.D.)
Catherine Cross Maple	Deputy Secretary
Cynthia A. Marietta	ASD Director
Denise A. Irion	Assistant ASD Director
Karen Hubbard	Financial Coordinator
Gilbert Kometa	Financial Coordinator
Eustacio Roybal	Financial Auditor
Gregory Hunt	Financial Coordinator
Ricky A. Bejarano	Audit Accounting Bureau Chief

**DIVISION OF VOCATIONAL REHABILITATION**

Sherry Garcia	ASD Director
Sandra Alva	Grants Management Supervisor
Ralph Vigil	Division Director
Jessica Lucero	Chief Financial Officer

**CHARTER SCHOOLS**

Patrick Kelly	Media Arts Collaborative Charter School
Chad Redwing	Cottonwood Classical Preparatory School
Michael Vigil	Cottonwood Classical Preparatory School

**MEYNNERS + COMPANY, LLC**

Javier Machuca, CPA, CGFM	Assurance Manager
Matthew Bone	Assurance Staff

**PREPARATION OF FINANCIAL STATEMENTS**

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