

**STATE OF NEW MEXICO  
NEW MEXICO  
COMPILATION  
COMMISSION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2008**

Moss Adams LLP  
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Albuquerque, New Mexico  
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STATE OF NEW MEXICO  
NEW MEXICO COMPILATION COMMISSION

Official Roster

June 30, 2008

COMMISSION MEMBERS

Name	Title
Honorable Edward L. Chavez Chief Justice of the Supreme Court	President
Kathleen Jo Gibson, Attorney Clerk of the Supreme Court	Secretary
Dennis E. Jontz President, State Bar (or appointed Bar Commissioner)	Member
Gary K. King Attorney General	Member
John Martinez Designee, State Records Center	Member
Suellyn Scarnecchia Dean, UNM School of Law (or designee)	Member
Paula Tackett Director, Legislative Council Service	Member

ADVISORY COMMITTEE

Gary L. Kilpatric	Chairman
Robert J. Desiderio	Member
Tracey Kimball	Member
Robert A. Mead	Member
Gary Don Reagan	Member
Carolyn A. Wolf	Member

ADMINISTRATIVE OFFICIALS

Brenda Castello	Director
Loretta Barela	Deputy Director

## Independent Auditors' Report

T 505-830-6200  
F 505-830-6282

Honorable Edward L. Chavez, Chief Justice  
President and Commission Member  
New Mexico Compilation Commission  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, and the major fund, including the budgetary comparison, of the State of New Mexico, New Mexico Compilation Commission (Commission) as of and for the year ended June 30, 2008, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

Honorable Edward L. Chavez, Chief Justice  
President and Commission Member  
New Mexico Compilation Commission  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission as of June 30, 2008, and the respective changes in its financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2008 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the 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 (MD&A) on pages 4 to 9 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Moss Adams LLP*

Albuquerque, New Mexico  
December 11, 2008

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

The discussion and analysis section provides an overview of the objective and program of the New Mexico Compilation Commission (Commission). This discussion helps the reader understand the Commission's operation of financial planning and expenditures of the annual budget. The Commission is an agency created by the Legislature to publish laws enacted by the Legislature, opinions issued by the New Mexico Supreme Court and Court of Appeals, and opinions issued by the Attorney General. The Commission publishes all state laws, court opinions and state regulations. Its objective is to assure members of the public that legal publications of state laws and court opinions are both current and accurate.

### AGENCY OVERVIEW

*Statutory Authority.* Sections 12-1-1 to 12-1-14, 8-5-6 to 8-5-14 and 32-4-2 NMSA 1978 set forth the powers and duties of the New Mexico Compilation Commission. The program is a statewide program selling state publications to both the public and private sectors.

*State Laws.* The Commission is required to publish the official compilation of New Mexico laws. Publication of the NMSA 1978 includes proofreading, publishing, and distribution of all new laws, joint resolutions and court rules. The Commission also purchases and distributes the Advance Legislative Service and Advance Annotation and Rules Service.

*New Mexico Reports.* The Commission publishes and sells all opinions of the New Mexico Supreme Court and Court of Appeals. This is accomplished through a contract with Thomson-West for the printing and reprinting of volumes of the New Mexico Reports.

*Attorney General Opinions.* The Commission publishes Attorney General Opinions on New Mexico One Source of Law. The Commission also sells individual volumes and copies of these opinions.

*Sessions Laws.* By contract with the Secretary of State, the Commission assists in the publication of the Secretary of State's Session Laws.

*Special Publications.* The Commission assists state agencies in the publications of special publications of the NMSA 1978 and state regulations. Currently these publications include the Election Law Handbook, New Mexico Taxation and Revenue Department Selected Tax Laws and Regulations, and a number of other similar publications. The Commission also publishes and sells the New Mexico Traffic Manual that is used by law enforcement officers, judges, district attorneys and defense lawyers.

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

## USING THIS ANNUAL REPORT

The financial report includes the sections described below.

### Management Discussion and Analysis (MD&A)

This section includes information on the use of the annual report and management's analysis of the financial position and results of operations for the Commission.

### Financial Statements Overview

The financial statements are for the purpose of presenting to the reader the financial position and financial changes for the Commission. The financial statements are not intended to report the financial position of the State of New Mexico as a whole. The Commission is one of 100± agencies in the State that contributes to the financial position of the State of New Mexico.

The Commission has only one fund "07600," which is a non-reverting agency. The Commission's funds do not revert into the State General Fund. The revenues are as follows:

- 1833 - Civil Filing Fees
- 2493 - Other Intra-State Services
- 3133 - New Mexico Reports
- 3143 - New Mexico Compilation
- 9693 - Miscellaneous Revenue

### Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental activities are consolidated into one column. The Commission has no business type activities. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to a bottom line for the Commission and its governmental activities. This statement, for the first time, combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long term liabilities.



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

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

#### **Fund Financial Statements**

The Governmental Fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the financial statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

#### **Infrastructure Assets**

The Commission does not own any infrastructure assets such as roads, bridges, etc.

#### **Budgetary Comparisons**

In addition to MD&A, GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund that has a legally adopted annual budget to be presented. The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis.

As required by the Office of the State Auditor under 2 NMAC 2.2, the Statements of Revenues and Expenditures – Budget and Actual also are presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

	<u>Government Activities</u>	
	<u>2008</u>	<u>2007</u>
Current assets	\$ 946,019	1,063,313
Capital assets	-	992
<b>Total assets</b>	<u>946,019</u>	<u>1,064,305</u>
Current liabilities	<u>1,001,208</u>	967,604
Net assets		
Invested in capital assets	-	992
Unrestricted (deficit)	<u>(55,189)</u>	95,709
<b>Total net assets</b>	<u>\$ (55,189)</u>	<u>96,701</u>

For more detailed information see the Statement of Net Assets.

The Commission's total net assets for fiscal year 2008 were a deficit of \$55,189 versus fiscal year 2007 which were \$96,701. Net Assets decreased in 2008 by \$151,890 primarily due to a write-down of obsolete inventory and an increase in the allowance for uncollectible receivables along with an increase in operating expenses.

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

Statement of Activities

The following schedule represents the revenues and expenses for the current year.

	<u>Government Activities</u>	
	<u>2008</u>	<u>2007</u>
General revenues		
General Fund appropriations	\$ 127,700	167,600
Transfers from other state agencies	119,278	-
Miscellaneous revenues	612	1,627
	<u>247,590</u>	<u>167,600</u>
Program revenues – charges for services	<u>1,239,906</u>	1,188,981
Program expenses – general government	<u>1,639,386</u>	1,463,574
Change in net assets	(151,890)	(105,366)
Net assets, beginning of year	<u>96,701</u>	<u>202,067</u>
Net assets (deficit), end of year	<u>\$ (55,189)</u>	<u>96,701</u>

For more detailed information see the Statement of Activities.

The Commission's total expenditures for fiscal year 2008 were \$1,552,098 versus fiscal year 2007 which were \$1,463,574. Expenditures increased in 2008 primarily due to increases in personnel costs. Additionally, the Commission recorded a write-down on inventory of \$87,288 related to New Mexico Reports and Attorney General Opinions that might not be saleable.

The Commission's total revenues for fiscal year 2008 were \$1,487,496 versus fiscal year 2007 which were \$1,358,208. Revenues increased in 2008 by \$129,288 due primarily to increases in transfers from other state agencies for compensation appropriation and contractual services.

**THE COMMISSION'S FUNDS**

The Commission has only one governmental fund, which is the General Fund. Analysis of its activities is outlined above.

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

**BUDGETARY HIGHLIGHTS**

There were budget changes during the current year due to increased salaries and other costs and increased contractual services. Actual expenditures were less than budgeted expenditures for the year due to the timing of publishing activities. Revenues were \$198,404 less than budget due primarily to actual compilation fees and other intra-state services being less than expected and an increase in the allowance for doubtful accounts.

**ANTICIPATED CHANGES**

The Commission has no knowledge of anticipated changes that will significantly affect the financial position of the agency.

**FINANCIAL CONTACT**

The Commission's financial statements are designed to present users with the general overview of the Commission's finances and to demonstrate the Commission's accountability. If you have questions about the report or need additional financial information, contact Brenda Castello, Director at 4355 Center Blvd., Santa Fe, New Mexico 87507-9706.

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

	Governmental Activities
<b>ASSETS</b>	
Interest in State General Fund Investment Pool	\$ 803,393
Accounts receivable, net of allowance of \$114,298	91,494
Inventories, net of an allowance of \$87,288	51,132
Capital assets, net	<u>-</u>
<b>Total assets</b>	<u>946,019</u>
 <b>LIABILITIES</b>	
Accounts payable	964,541
Accrued salaries	18,263
Compensated absences	<u>18,404</u>
<b>Total liabilities</b>	<u>1,001,208</u>
 <b>NET ASSETS</b>	
Invested in capital assets	-
Unrestricted (deficit)	<u>(55,189)</u>
<b>Total net assets (deficit)</b>	<u><u>\$ (55,189)</u></u>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
 NEW MEXICO COMPILATION COMMISSION  
 STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2008

	Expenses	<u>Program Revenues</u> Charges for Services	<u>Net (Expense) Revenue and Changes in Net Assets</u> Governmental Activities
Governmental Activities			
Support services	\$ 492,909	619,132	126,223
New Mexico Reports	127,103	74,203	(52,900)
New Mexico statute compilations	1,019,374	546,571	(472,803)
	<u>1,639,386</u>	<u>1,239,906</u>	<u>(399,480)</u>
General Revenues			
State General Fund appropriation			127,700
Transfers from other state agencies			119,278
Miscellaneous revenues			612
			<u>247,590</u>
Change in net assets			(151,890)
Net assets, beginning of year			<u>96,701</u>
Net assets (deficit), end of year			<u>\$ (55,189)</u>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
 NEW MEXICO COMPILATION COMMISSION  
 BALANCE SHEET - GENERAL FUND  
 June 30, 2008

ASSETS

Interest in State General Fund Investment Pool	\$	803,393
Accounts receivable, net of an allowance of \$114,298		91,494
Inventories, net of an allowance of \$87,288		<u>51,132</u>
<b>Total assets</b>	<b>\$</b>	<b><u>946,019</u></b>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	\$	964,541
Accrued salaries		<u>18,263</u>
<b>Total liabilities</b>		<u>982,804</u>

Fund balances

Reserved for inventories		51,132
Unreserved (deficit), designated for subsequent year's expenditures		<u>(87,917)</u>
<b>Total fund balances (deficit)</b>		<u>(36,785)</u>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b><u>946,019</u></b>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
NEW MEXICO COMPILATION COMMISSION  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2008

Fund balance (deficit) - Governmental Fund \$ (36,785)

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

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

Compensated absences (18,404)

Net assets (deficit) of governmental activities \$ (55,189)

*See Notes to Financial Statements.*



STATE OF NEW MEXICO  
NEW MEXICO COMPILATION COMMISSION  
STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE -  
GENERAL FUND  
Year Ended June 30, 2008

Revenues	
Interagency transfers - NM District Courts	
Civil action filing fees	\$ 619,132
Charges for services	
New Mexico Reports	74,203
New Mexico statute compilations	546,571
Miscellaneous revenue	612
	<hr/>
Total revenues	1,240,518
	<hr/>
Expenditures	
Judicial	
Current	
Personal services	194,701
Employee benefits	77,106
In-state travel	1,088
Maintenance and repairs	7,690
Supplies	18,518
Contract services	1,128,009
Operating costs	119,149
Other costs	839
	<hr/>
Total expenditures	1,547,100
	<hr/>
Deficiency of revenues over expenditures	(306,582)
Other financing sources (uses)	
State General fund appropriation	127,700
Transfers from other State Agencies	119,278
Loss on inventory write down	(87,288)
	<hr/>
	159,690
	<hr/>
Net change in fund balance	(146,892)
Fund balance, beginning of year	110,107
	<hr/>
Fund balance (deficit), end of year	\$ (36,785)
	<hr/>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
NEW MEXICO COMPILATION COMMISSION  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES - GENERAL FUND  
Year Ended June 30, 2008

Net change in fund balance - general fund \$ (146,892)

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

Current year depreciation (992)

Some expenses reported in the statement of activities  
do not require the use of current financial resources  
and therefore are not reported as expenditures in  
governmental funds

Change in compensated absences (4,006)

Change in net assets of governmental activities \$ (151,890)

*See Notes to Financial Statements.*

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

	Budget		Actual	Variance Over (Under)
	Original	Final		
<b>Revenues</b>				
Civil action filing fees	\$ 641,300	641,300	619,132	(22,168)
New Mexico Statute Compilations	704,100	704,100	546,571	(157,529)
New Mexico reports	93,500	93,500	74,203	(19,297)
Miscellaneous revenue	-	-	612	612
State General Fund appropriation	127,700	127,700	127,700	-
Other financing sources	19,300	119,300	119,278	(22)
<b>Total revenues</b>	<u>1,585,900</u>	<u>1,685,900</u>	<u>1,487,496</u>	<u>(198,404)</u>
<b>Expenditures</b>				
Personal services	355,600	355,600	271,807	(83,793)
Contractual services	1,058,400	1,158,400	1,128,009	(30,391)
Other costs	171,900	171,900	147,284	(24,616)
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<u>\$ 1,585,900</u>	<u>1,685,900</u>	<u>1,547,100</u>	<u>(138,800)</u>
Excess (deficiency) of revenue over expenditures			(59,604)	<u>(59,604)</u>
Loss on inventory write down			<u>87,288</u>	
Excess (deficiency) of revenue over expenditures - GAAP basis			<u>\$ (146,892)</u>	

*See Notes to Financial Statements.*

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**A. Financial Reporting Entity**

In evaluating how to define the Commission, for financial reporting purposes, management has considered all potential component units in the reporting entity by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no component units.

Included within the reporting entity:

*Compilation Commission.* The State of New Mexico, New Mexico Compilation Commission was established by Section 12-1-5, NMSA, 1978 Compilation. Revenue sources are from the sale of compilations or supplements thereto, sale of reports of the State of New Mexico, New Mexico Compilation Commission, and fees levied upon each civil action filed in the Office of the Clerk by the various District Courts in the State of New Mexico.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

A. Financial Reporting Entity (Continued)

The Chief Justice of the State of New Mexico, New Mexico Supreme Court serves as President of the Compilation Commission, with the State Attorney General as member and the State of New Mexico, Supreme Court Clerk as Secretary.

*Reporting Entity.* The Commission's responsibilities include:

- Purchasing and distributing copies of the compilation of the New Mexico Statutes;
- purchasing and distributing copies of the compilation to state agencies, local governmental bodies and other public officials;
- publishing opinions of the State Attorney General; and
- providing a computerized data base of the New Mexico Statutes Annotated 1978 and parallel tables for computerized search and manipulation.

Excluded from the reporting entity:

The other entities of the Judicial Branch of government are excluded because they are separate entities established by statute.

B. Basic Financial Statements

The basic financial statements include both government-wide (based on the Commission as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), the new model focuses on either the Commission 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 either governmental or business-type. The Commission 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 the full accrual, economic resource measurement focus, which incorporates long-term assets and receivables, as well as long-term debt and obligations, but eliminates internal activity.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B. Basic Financial Statements (Continued)

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation expense on capital assets) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. Program revenues consist of charges for the sale of compilations and reports to the Commission's customers, including other state agencies and court filing fees.

The net cost by function is normally covered by general revenue. Historically, the previous model did not summarize or present net cost by function or activity. Since the Commission only has one program, it does not employ direct cost allocation in the financial statements.

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

The governmental funds in the fund financial statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed more appropriate to demonstrate legal and covenant compliance, to demonstrate the source and use of liquid resources and to demonstrate how the Commission's actual experience conforms 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 governmental column, 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 governmental column of the government-wide presentation.

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

The following fund types are used by the Commission:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

B. Basic Financial Statements (Continued)

GOVERNMENTAL FUND TYPES

Governmental fund types are used to account for all of the Commission's activities. The General Fund is the only operating fund of the Commission. This is a non-reverting fund (Section 8-5-7, NMSA, 1979).

C. Basis of Accounting

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenditures are recognized when incurred. The Commission has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989.

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

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 Statement No. 33, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient. The Commission does not have any transactions that meet this criteria.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

**D. Investment in the State Treasurer General Fund Investment Pool**

All funds allotted to the Commission are held by the New Mexico State Treasurer. Deposits are non-interest bearing. Money deposited by the Commission with the State Treasurer is pooled and invested by the State Treasurer. The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$100,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral for the fiscal account is required in amounts equal to 50% of the average investment balance. Separate financial statements of the State Treasurer indicate collateral categories of risk and market value of purchased investments. All collateral is held in third-party safekeeping.

At June 30, 2008, the Commission had the following in pooled cash:

New Mexico State General Fund Investment Pool	\$803,393
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There were no reconciling items.

**E. Accounts Receivable**

Accounts receivable consists of Civil Action Filing Fees from various District Courts throughout the State of New Mexico which are transferred to the Commission through operating transfers and is considered substantially collectable. Accordingly, no allowance for doubtful accounts is deemed necessary.

In addition, accounts receivable consist of state publication sales to both the public and private sectors, which are recorded as revenue when earned. These receivables are reported net of an allowance for doubtful accounts.

The allowance for doubtful accounts is based on management's assessment of the collectability of the customer accounts, the aging of the accounts receivable, and other currently available evident.

**F. Inventories**

Inventories consist of publications held for resale and to service subscribers of the New Mexico Statutes compilations and are recorded using the purchase (or expenditure) method. Under the purchase method, the purchases of inventory are recorded as expenditures and at year-end the balance of inventories is recorded with an offsetting reserve in fund balance. Inventories are stated primarily at average cost. The increase or decrease in inventory reserve is reflected as a change in fund balance in the statement of revenues, expenditures and changes in fund balances.



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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (CONTINUED)

G. Capital Assets

The Commission is also responsible for maintaining and updating sets of the New Mexico Statutes Annotated (Statutes) and maintaining and updating a computerized database of the Statutes and other sources of New Mexico law.

The Commission owns the copyrights to the Statutes and also owns approximately 972 full sets and 341 partial sets of the Statutes that are held by others and updated periodically. The values of the copyrights and sets are not reflected in the accompanying financial statements as their value could not be estimated.

Capital assets purchased or acquired at a value of \$5,000 or greater are capitalized. Assets are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. The Commission has not developed any software for internal use. Other costs incurred for repairs and maintenance are expensed when incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives with no salvage value.

	Years
Data processing equipment, including purchased software	5
Machinery and Equipment	5
Vehicles	5
Software	3

H. Net Assets

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

*Invested in Capital Assets (net of related debt)*—is intended to reflect the portion of net assets which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

*Unrestricted Assets*—represent unrestricted liquid assets.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

As of June 30, 2008, there was a \$36,785 deficit fund balance in the General Fund due to over expenditures during the year. The Commission is seeking an appropriation to cover the over expenditure.

**I. Compensated Absences**

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

**J. Long-Term Obligations**

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

**K. 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.

**NOTE 2. BUDGETS**

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

No later than September 1, the Commission submits to the Legislative Finance Committee (LFC), and the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.

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

**NOTE 2. BUDGETS (CONTINUED)**

The Commission submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriation made by the Legislature. The DFA Budget Division reviews and approves the operating budget which becomes effective on July 1. All subsequent budget adjustments must be approved by the director of the DFA - Budget Division. The current year budget was adjusted in a legal manner.

Legal budget control for expenditures is by budget category. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.

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

The budgetary basis, on a modified accrual basis, does not include the writedown of inventory as an expenditure.

There were no reversions to the State General Fund as the Commission's expenditures exceeded revenues during the year.

**NOTE 3. CAPITAL ASSETS**

A summary of changes capital assets follows:

	Balance 7/1/07	Additions	Deletions	Balance 6/30/08
Machinery and equipment	\$ 34,184	-	-	34,184
Accumulated depreciation	(33,192)	(992)	-	(34,184)
Net capital assets	<u>\$ 992</u>	<u>(992)</u>	<u>-</u>	<u>-</u>

The Commission does not have any debt related to capital assets.

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

NOTE 4. COMPENSATED ABSENCES

	Balance 7/1/07	Additions	Deletions	Balance 6/30/08
Compensated absences	\$ 14,398	13,068	(9,062)	<u>18,404</u>

Compensated absences are estimated to be due in one year. The amount of compensated absences is calculated by multiplying the vested hours by the pay rate at year end plus applicable payroll taxes. All is considered to be current and expected to be paid out of the General Fund.

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

Qualified employees accumulate maximum annual leave as follows:

Years of Service	Hours earned Per Pay Period	Days earned Per Month	Days of Maximum Accrual
1 pay period – 3 years	4.62	1 ¼	30
Over 3 – 7 years	5.54	1 ½	30
Over 7 – 14 years	6.46	1 ¾	30
Over 14/beyond	7.39	2	30

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

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

At retirement, employees may receive 50% payment for up to 400 hours for the hours over 600 of accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2008, over 600. Expenditures for accumulated sick pay for hours under 600 will be recognized as employees take such absences. At June 30, 2008, the Commission had no employees with accumulated sick leave in excess of 600 hours.

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

**NOTE 5. OPERATING LEASES**

The Commission has commitments for equipment and building under operating lease agreements as follows:

Year ended June 30,	Equipment	Building
2009	\$ 20,916	32,000
2010	20,916	48,000
2011	20,916	48,000
2012	13,238	48,000
2013	-	16,000
Total lease payments	<u>\$ 75,986</u>	<u>192,000</u>

Total equipment lease payments included in expenditures for the year ended June 30, 2008, were \$50,684. The Commission also leased its office and warehouse on a month-to-month basis during the period ended June 30, 2008. Subsequent to June 30, 2008, the Commission entered into a 48 month building lease as of November 1, 2008.

**NOTE 6. RETIREMENT PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

*Plan Description.* Substantially all of the Commission's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, New Mexico 87504-2123. 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 7.42% of their gross salary. The Commission is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Commission are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Commission's contributions to PERA for the years ending June 30, 2008 and 2007 were \$32,301 and \$21,123 respectively, equal to the amount of the required contributions for each year.

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

**NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH  
CARE PLAN**

*Plan Description.* The Commission contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post employment 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 post employment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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

**NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

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 January 1, 1998 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 Commission's contributions to the RHCA for the years ended June 30, 2008 and 2007 were \$2,531 and \$1,655, respectively, which equal the required contributions for each year.

**NOTE 8. RISK MANAGEMENT**

The Commission is exposed to various risks for which it carries insurance (Workers Compensation, General Liability, Civil Rights, and Property) with the State of New Mexico Risk Management Division of the General Services Department.

**NOTE 9. DISPUTED PAYABLES**

Various publications were supplied by a contractor through contracts with the Commission. Yearly contracts were created to document the services to be rendered throughout the year. In a previous year, the Commission was dissatisfied with the level of quality in regards to these services. As a result, the Commission disputed the invoices received for the above mentioned services, of which the total amount disputed was \$901,522. The Commission has consulted with an attorney to assist in the settlement of this matter. This issue has not been resolved and accordingly, these invoices have been included in accounts payable in the accompanying financial statements.

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

NOTE 10. TRANSFERS TO AND FROM OTHER STATE AGENCIES

Transfers to and from other state agencies for the year ended June 30, 2008 are as follows. These transfers are routine in nature and are consistent with the activities of the fund making the transfer. The transfers are as follows:

Transfers From Other/Funds/ State Agencies			Transfers to Other/Funds/ State Agencies		
Fund Name	SHARE Fund No.	Amount	Fund Name	SHARE Fund No.	Amount
State General Fund	85300	\$ 127,700	NMCC General Fund	07600	\$ 127,700
State General Fund	853000	19,278	NMCC General Fund	07600	19,278
Legislative Council Service	62000	100,000	NMCC General Fund	07600	100,000



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

Honorable Edward L. Chavez, Chief Justice  
President and Commission Member  
New Mexico Compilation Commission  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited the governmental activities, the major fund, including the budgetary comparison, of the financial statements of the State of New Mexico, New Mexico Compilation Commission (Commission), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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

Honorable Edward L. Chavez, Chief Justice  
President and Commission Member  
New Mexico Compilation Commission  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting; 04-01 and 07-04.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described are a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

Honorable Edward L. Chavez, Chief Justice  
President and Commission Member  
New Mexico Compilation Commission  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

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 or other matters that are required to be reported under *Government Auditing Standards*.

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

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

*Moss Adams LLP*

Albuquerque, New Mexico  
December 11, 2008

STATE OF NEW MEXICO  
SUPREME COURT BUILDING COMMISSION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2008

04-01 Cash Receipts-Segregation of Duties	Repeated and Updated
06-01 Timeliness of Audit Report	Resolved
07-01 Reconciliation of Agency Interest in the State Treasurer Investment Pool	Resolved
07-02 Journal Entries	Resolved
07-03 Lack of Adequate Monitoring	Resolved
07-04 Monitoring of Balance Sheet Accounts	Repeated and Updated
07-05 Payroll Records	Resolved

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

04-01 Cash Receipts – Segregation of Duties

CONDITION

During fiscal year 2008, one employee at the Commission was responsible for receipting cash receipts, preparing cash deposits, and posting cash receipts to the general ledger.

CRITERIA

To have proper segregation of duties, the cash receipting function should have different employees receipt funds, prepare deposits and post deposits to the general ledger.

EFFECT

When proper segregation of duties is not present at the Commission, there is increased risk of error or fraud related to cash receipts.

CAUSE

Due to the small staff size at the Commission office during the year, there has not been an adequate number of employees to properly segregate duties.

RECOMMENDATION

We recommend that the Commission adequately segregate the duties as to the cash receipts process. Possible solutions would include requiring one individual to receipt the money while another individual posts the money receipted to the general ledger. Additionally, the log of receipts should be reconciled to the general ledger posting and deposit on a regular basis by an employee who does not post to the general ledger or prepare deposits.

MANAGEMENT RESPONSE

The New Mexico Compilation Commission is under new management as of June 16, 2008. This finding is received by the new management of the Commission with recommendation being incorporated for fiscal year 2009.

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

**07-04 Monitoring of Balance Sheet Accounts**

CONDITION

The Commission maintains and tracks accounts receivable and inventory in a system separate from the State's general ledger system (SHARE). The balances in the general ledger are not updated and reconciled throughout the year. Additionally, cash receipts are not being reconciled in a timely manner. As part of the audit, inventory was adjusted by \$87,288 and accounts receivable was adjusted by \$105,230. Further, management has not implemented a methodology for determining the adequacy of the allowance for uncollectable receivables. As part of the audit, the allowance was increased by \$70,647.

CRITERIA

SHARE is the Commission's general ledger system and should include all account balances for the year so as to be in compliance with Section 6-5-1 through 6-5-6 NMSA 1978. The detail ledger should be reconciled to the general ledger to ensure the accuracy of the Commission's financial reporting.

CAUSE

The Commission has not set up a process to post inventory and receivable activity in the general ledger system due to turnover in the financial staff.

EFFECT

The Commission's financial statements are not accurate and there is an increased likelihood that fraud or errors may go undetected. Lack of adequate monitoring over accounts receivable has resulted in substantially aged receivables and an increase in the allowance for uncollectable receivables.

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

07-04 Monitoring of Balance Sheet Accounts (Continued)

RECOMMENDATION

We recommend that the Commission perform periodic reconciliations of their accounts receivable and inventory systems to their general ledger in order to maintain adequate and accurate records. Further, management should continue to be vigilant in their collection efforts and perform regular reconciliations of cash receipts.

MANAGEMENT RESPONSE

The New Mexico Compilation Commission is under new management as of June 16, 2008. This finding is received by the new management of the Commission with recommendation being incorporated for fiscal year 2009.

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

We discussed the recommendations contained in this letter during the exit conference held December 11, 2008. The exit conference was attended by the following individuals:

New Mexico Compilation Commission

Honorable Edward L. Chavez	Chief Justice of the Supreme Court
Kathleen Jo Gibson	Clerk of the Supreme Court
Brenda Castello	Director
Brenda Valley	Database Administration

Moss Adams LLP

Larry Carmony	Partner
Christopher Wolf	Senior

The financial statements were prepared from the books and records of the New Mexico Compilation Commission with the assistance of Moss Adams LLP.