

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS**

**Financial Statements
For the Year Ended June 30, 2010**

(With Independent Auditor's Report Thereon)

INTRODUCTORY SECTION

STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 June 30, 2010

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**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
June 30, 2010**

OFFICIAL ROSTER

COMMISSION OF PUBLIC RECORDS

Dr. Stanley Hordes, Ph.D - Historian	Chairman
Arturo L. Jaramillo - Secretary, New Mexico General Services Department	Member
Deborah Moll, Designee, New Mexico General Services Department	Vice-Chairman
Robert Mead - NM State Law Librarian	Secretary
Honorable Hector Balderas - New Mexico State Auditor	Member
Frances Levine, Ph. D. - Director, Museum of New Mexico	Member
Honorable Mary Herrera - New Mexico Secretary of State	Member
Patricia Herrera, Designee, New Mexico Secretary of State	
Honorable Gary King - New Mexico Attorney General	Member
Betsy Glenn, Designee, New Mexico Attorney General	

ADMINISTRATIVE PERSONNEL

Sandra Jaramillo	State Records Administrator
Judi Hazlett	Deputy Administrator and Chief Financial Officer
Ruben Rivera	Fiscal Officer
Scott Sheldon	Procurement Officer

ROBERT J. RIVERA, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

Dr. Stanley Hordes, Ph.D., Chairman
Commission of Public Records
and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the major fund (general fund), the budgetary comparison statement for the general fund, and the aggregate remaining fund information of the State of New Mexico, Commission of Public Records (Commission), a component unit of the State of New Mexico, as of and for the year ended June 30, 2010, which collectively comprise the State of New Mexico, Commission of Public Records basic financial statements as listed in the table of contents. We also have audited the combining and individual funds financial statements of each of the Commission's non-major governmental funds and proprietary funds, and the respective budgetary comparisons presented as supplementary information as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the State of New Mexico, Commission of Public Records 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 agency'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.A., the financial statements of the Commission are intended to present the financial position and changes in financial position and where applicable, cash flows of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information 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, 2010, and changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund (general fund), and the aggregate remaining fund information of the State of New Mexico, Commission of Public Records, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective 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 addition, in our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of each individual fund for the proprietary and capital projects funds of the State of New Mexico, Commission of Public Records as of June 30, 2010, and the respective changes in financial position, thereof, and the respective budgetary comparisons of each proprietary, capital projects and general fund for the year 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 November 12, 2010, on our consideration of the State of New Mexico, Commission of Public Records internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages vii through xv are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements and the combining and individual fund financial statements and the budget comparisons presented as supplemental information. The accompanying supplementary information listed as Schedule 1, Schedule of Joint Powers Agreements in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 12, 2010

**NEW MEXICO COMMISSION OF PUBLIC RECORDS
STATE RECORDS CENTER AND ARCHIVES
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2010**

The Commission of Public Records' *Management's Discussion and Analysis* is designed to: assist the reader in focusing on primary issues; offer an overview of the agency's financial activity during the fiscal year; discuss significant changes in the agency's financial picture that may impact the agency's ability to address future years' challenges; identify any material deviations from the financial plan (approved budget); and identify fund issues or concerns.

The *Management's Discussion and Analysis* focuses on Fiscal Year (FY) 2010 activities and should be read in conjunction with the transmittal letter and financial statements and notes that accompany it.

HIGHLIGHTS

Financial

- The agency's total net assets FY 2010 were \$456,504 (assets minus liabilities).
- Net program expenses were \$2,749,967 (total expenses of \$2,938,168 less revenue of \$188,201).
- The agency's general fund appropriation was \$2,713,493, net of reversions of \$170,807. The agency in FY 2010 had budgetary authority for balances remaining in two special appropriations, which were recognized as cash in FY 2009. The first, for a centralized electronic records repository, was authorized in the General Appropriations Act of 2008 at an amount of \$150,000. It was not affected by the FY 2009 reductions imposed in Subsection A of Laws 2009, Chapter 2, Section 1. Of the original \$150,000 appropriation, \$86,931 was expended in FY 2009 and \$27,769 in FY 2010. The appropriation was initially scheduled to expire at the end of FY 2010; however, in the General Appropriations Act of 2010, it was extended until the end of FY 2012. The remaining \$35,300 was rebudgeted in FY 2011. The second was a special appropriation of \$30,000 for a regional historian initiative, which was reduced in FY 2009 pursuant to the citation above by \$2,200. Of the remaining \$27,800, \$24,414 was expended and the balance at June 30, 2010 of \$3,386 was reverted.
- Fifty-one thousand four hundred dollars in federal funds was included in the total operating fund budget as originally approved. Of that amount, \$47,989 was received.
- The agency also was allocated up to \$38,000 in other grants through a multi-state, federally funded project and budgeted that amount through a BAR. The State of Arizona served as the fiscal agent for the grant. However, because of questions concerning what professional services were eligible for reimbursement, the agency only expended, and was reimbursed for \$2,903. The remainder of the allocated amount was rebudgeted in FY 2011.
- The Commission has three, on-going funds and fund types: a general (operating) fund; a propriety (internal service) fund; and a non-budgeted, special revenue, gift and donation fund. In FY 2006, a capital outlay fund was created to record and account for capital appropriations. The agency received no capital appropriations in FYs 2007 through 2010.

In FY 2010, as in FY 2009, many of the problems with the SHARE human-resource accounting system encountered in FYs 2007 and 2008 had been resolved, although some remained. The system still experienced some slow-downs and down-times. Reconciliations of deposits and other transactions were done manually, adding entries from hard-copy documents and checking, where possible, against SHARE reports. Receivables were tracked through an Access database. As in previous years, human resource (human capital management) transactions continued to prove problematic, with time reporting and approvals as well as initial employee data entry periodically failing and discrepancies in certain leave balances persisting. The system may well have needed enhancements over its predecessor; however, from a small-agency perspective, it has proven more time-consuming to use than its predecessor.

The agency relies heavily on its general fund appropriation to support operations and, while it receives some federal funding, it is limited. The other source of revenue derives from money collected from the sale of

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certain goods and services and deposited in the agency's statutory internal service/revolving fund. What is still perhaps the most significant change in these proprietary fund revenues which began in August of 2001 (FY 2002) and resulted from assuming the responsibility for publishing the *New Mexico Register* in-house. The 2002 legislature passed, and the governor signed into law, a bill amending the Public Records Act to clarify that revenues from the publication of the *New Mexico Register* were to be deposited to the revolving fund. In FY 2010, the money collected from publishing fees continued to represent a major component of proprietary fund revenues. In fact, in FY 2006, publishing fees became the primary source of revenue, surpassing, for the first time, the fees collected from the sale of archival and records storage boxes and supplies. In FY 2010, these publishing fees were once again the most productive revenue source, due in some part to an increase in the fee charged for publication from \$1.50 per columnar inch to \$2.00 per columnar inch, as discussed below. The Commission has a statutory mandate to produce both the *New Mexico Register*, which is the only official publication for executive-agency notices of intent of rule making and final, adopted rules, and the *New Mexico Administrative Code (NMAC)*, the official compilation of those rules. The fees charged agencies publishing in the *New Mexico Register* were, prior to mid-August, 2001, paid directly to a third-party publisher. The contract for production was with another State agency, which in turn contracted with an outside publisher. That contract was terminated in August of 2001, and the agency began publishing both the *New Mexico Register* and the *NMAC* in-house. The fee schedule had previously been established pursuant to law and did not change. Reviews conducted in FYs 2003 through 2008 did not result in any changes to the publishing fees. In June of 2009, an amendment to the agency's fee schedule was adopted, raising the columnar-inch charge for publishing in the *New Mexico Register* from \$1.50 to \$2.00, effective July 1, 2009.

Overall, proprietary fund revenues (charges for services) collected for FY 2010 at June 30 were \$137,265, \$13,265 above budgeted revenue. The agency had budgetary authority to expend \$124,000 in new revenue and up to \$57,200 in cash balance. It expended \$124,097. Depreciation expense of \$10,848 is not included here since it is not a cash item. Some revenue sources have over the past several years been adversely affected by services now provided on-line; further, the state's economic downturn and the budgetary restrictions it has presented are cause for concern with respect to revenue generation since the majority of the agency's customers are other state agencies. Accordingly, the agency monitors revenues and expenditures closely throughout the year and, if necessary, restricts purchases until revenues are assured.

In FY 2010, the agency realized greater-than-anticipated revenues in the proprietary fund. The primary source of the FY 2010 revenue excess over budget derived from the *New Mexico Register* publishing fees. Fees generated from publication in the *New Mexico Register* can be difficult to project; they are dependent on the extent of rule-making by State agencies. This, in turn, derives from changes in law and internal business processes - factors beyond the control of the SRCA. While box sales were the second most productive revenue source, they were less lucrative than in FY 2009, bringing in some \$6,800 less than the previous year. Rule changes made at the close of FY 2005 now permit charging fees for storage of any local government records and for State agency records where legal retentions have been met but the storing agency will not concur in their destruction (exceptions are made for records involved in litigation or active investigations). The FY 2005 rule changes also permit the agency to microfilm for entities other than State agencies. In FY 2006, further amendments to the agency's rule on fees provided for the implementation of commercial-use fees. As of the end of FY 2010, the agency had not implemented the added storage fees; a tracking and billing mechanism is needed. Budgetary and staffing limitations have precluded acquisition of that mechanism.

In August of 2003, the DFA promulgated a rule, 2.20.5 NMAC, ***Responsibility for Accounting Function***. The rule is intended to establish responsibility for the accounting function in all State agencies and requires that the administrative head of each agency ensure that model accounting practices established by the Financial Control Division of the DFA are followed. The effect of the rule was to limit the pre-audit function at

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the DFA and place responsibility for compliance back on the agencies. The rule, however, permitted an agency head to assign the responsibilities specifically outlined in the rule to another employee, who would be designated as the agency's Chief Financial Officer (CFO). The designation is made annually. The State Records Administrator again designated the Deputy Administrator/Administrative Services Division Director as the CFO for FY 2010.

Organizational

In FY 2010, the agency had 42 authorized, full-time equivalent (FTEs) positions, the same as in FY 2009. The positions are located in two facilities – one at the State-owned Library, Archives and Records Center in Santa Fe, NM, and another in a leased facility in Albuquerque, NM. The 42 FTEs included 40 permanent and two term positions; all but one of the FTEs were supported through the major governmental (operating) fund. The remaining position, the management analyst who serves as editor of the *New Mexico Register*, was paid through the proprietary fund.

The management team comprised the State Records Administrator; the Deputy State Records Administrator who also serves as the Administrative Services Division Director and CFO; the Directors of the Archives and Historical Services, Administrative Law, Records Management, Office of the State Historian and Information Technology Divisions.

For purposes of the Accountability in Government Act (to which the Commission was first subject in FY 2003), the agency continued under a single program – *records, information, and archival management*. Appropriations are made at the agency - or, as of FY 2003 - the single-program level. The agency has also identified four sub-programs or activities: Administration, Administrative Law, Public Records Management, and New Mexico History. However, structurally the agency is organized into six divisions, the State Records Administrator's Office, and an adjunct board. The divisions are Administrative Services, Administrative Law, Archives and Historical Services, Records Management, Office of the State Historian and Information Technology Management. In addition to the divisional structure, the New Mexico Historical Records Advisory Board, created through federal authorization and gubernatorial action, is adjunct to the Commission. In FY 2010, as in previous years, a Grant Administrator provided support to the Board.

USING THIS REPORT

With the implementation of GASB 34, presentation of financial statements has changed from summarized fund-type information to a concentration on both the agency (government-wide) and the major individual funds. Although the Commission of Public Records is but one of many agencies within New Mexico State government, it is the primary government focus in this financial report – not the State as a whole.

Management's Discussion and Analysis

The purpose of the *Management's Discussion and Analysis* is to provide an objective and understandable analysis of the Commission's financial activities based on currently known fact, decisions and conditions.

Government-wide Financial Statements

The statements of net assets and of activities, Exhibits A and B, depict information about the Commission as an entity, without displaying individual funds or fund types. Essentially, these statements differentiate between activities that are governmental and those that are business-like but exclude information about fiduciary funds and component units that are fiduciary in nature.

The government-wide *Statement of Activities*, Exhibit B, represents the gross and net costs per functional category that are otherwise supported by general government expenditures. It reduces gross expenses,

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including depreciation, by related program revenues and operating grants. The Commission has two governmental activity functions: general government, supported by general fund activities, and revenue-generating, supported by program revenues derived from charges for goods and services.

Fund Financial Statements

Fund financial statements, Exhibits C and D, comprise a series of statements that center on information about the major governmental funds and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

The fund financial statements are similar to the financial statements presented in the pre-GASB 34 accounting model. Emphasis is on the major funds in either the governmental or business-type categories. Non-major funds or fund types are summarized in a single column. The Commission has one major governmental fund, supported through general fund appropriations and federal grants, and one non-major governmental fund, the special revenue gift fund, which is not budgeted except through the Budget Adjustment Request process.

The Commission also has one proprietary fund – an internal service fund - which is non-reverting, and derives its revenues from the resale of records and archival goods, the provision of various services, and the publication of the *New Mexico Register*.

Notes to the Financial Statements

The notes to the financial statements consist of notes that provide information fundamental to an understanding of the basic financial statements.

Infrastructure Assets

Under GASB 34, infrastructure assets must be valued and reported within the governmental column of the government-wide statements, and governments must choose either to depreciate these assets over their estimated useful life or develop a system of asset management designed to maintain service delivery potential. The Commission has no material interest in any infrastructure asset.

Budgetary Comparison

Budgetary comparison schedules are required under GASB 34 for each general fund and each major special revenue fund with a legally adopted budget. The *Statement of Revenues and Expenditures – Budget and Actual* for the general fund is found in Exhibit F. The agency's special revenue gift fund is a non-major fund that is not budgeted, except through budget adjustment requests. Exhibit F and Statements 3 through 6 under the Supplementary Information Section of the report contain the year-end budget presentation for the general fund and the special revenue fund as required by the New Mexico Department of Finance and Administration, and the Internal Service Fund.

Statement of Net Assets

Exhibit G provides the *Statement of Net Assets* for the agency's proprietary fund.

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

Exhibit A summarizes the Commission's net assets for the fiscal year ending June 30, 2010; total net assets (government wide) were \$456,504, which comprises \$319,195 invested in capital assets, \$4,995 restricted (gift and donations fund) and \$132,314 unrestricted. This amount differs from the \$42,946 in "total fund balance" for the Commission's governmental funds on Exhibit C due, again, primarily to the long-term economic focus of the *Statement of Net Assets* versus the current financial resources focus of the

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governmental fund balance sheets and from the addition of the net assets reported in the internal service fund in Exhibit G. Comparative analysis with prior years is included for net assets or changes in net assets.

The amount of \$2,814,386 shown as "total expenditures for governmental funds" on Exhibit D varies from the "total expenses" amount for governmental funds of \$2,938,168 reflected in the *Statement of Activities*, Exhibit B. This difference results primarily from the current spending focus of Exhibit D versus the long-term economic focus of the *Statement of Activities*. The adjustment for the internal service fund "closes" those funds by charging additional amounts to the participating programs to cover completely internal service fund costs for the year.

The Commission's Net Assets

	Governmental Activities		
	FY 2010	FY 2009	Change
Current and other assets	\$547,682	\$607,648	(\$59,966)
Capital assets, net	319,195	328,754	(9,559)
Total assets	866,877	936,402	(69,525)
Current liabilities	378,103	408,948	(30,845)
Long-term liabilities	32,270	34,476	(2,206)
Total liabilities	410,373	443,424	(33,051)
Net assets:			
Invested in capital assets	319,195	328,754	(9,559)
Restricted	4,995	4,995	-
Unrestricted (deficit)	132,314	159,229	(26,915)
Total net assets	\$456,504	\$492,978	(\$36,474)

Changes in the Commission's Net Assets

	FY 2010	FY 2009	Change
Program revenues:			
Charges for services	\$137,265	\$153,464	(\$16,199)
Operating grants and contributions	50,936	60,361	(9,425)
Miscellaneous revenue			
General revenues:			
State general fund appropriations, net of reversions	2,713,493	3,045,627	(332,134)
Other	-	53,200	(53,200)
Total revenues	2,901,694	3,312,652	(410,958)
Expenses:			
General government	2,938,168	3,302,074	(363,894)
Changes in net assets	(36,474)	10,578	(47,064)
Beginning net assets, as reported	492,978	451,032	41,946
Restatement of net assets	-	31,356	(31,356)
Beginning net assets, as restated	492,978	482,388	10,590
Ending net assets	\$456,504	\$492,966	(36,474)

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Fund Balance

At the close of the fiscal year, total fund balances for governmental funds equaled \$42,946.

General Fund Budgetary Highlights

The Commission receives annual appropriations from the New Mexico State legislature. Adjustments to the appropriated budget are made through Budget Adjustment Requests (BARs) and must fall within parameters set by law and require approval by the State Budget Division of the Department of Finance and Administration, with review by the Legislative Finance Committee. The Commission utilizes BARs to move money among appropriated categories, as allowed by law, and to increase the budget when unbudgeted federal or other grants are received or decrease it when revenues do not meet projections. Money from the gift and donation fund is also budgeted through BARs. In FY 2010, internal (within program) BARs were used to move money among categories in both the operating (general fund) and proprietary budgets. No net increase or decrease was realized in the proprietary fund; it remained the same. However, the operating fund realized a net increase in budgetary authority of \$38,000. A BAR was processed to budget \$38,000 in other state grants for the multi-state PeDALS project, a federally funded project administered by the State of Arizona.

Capital Assets and Debt Administration

The Commission's investment in capital assets totaled \$319,195, net of accumulated depreciation, as of June 30, 2010. This investment is primarily in information technology and other equipment. Depreciation expense for FY 2010 was \$69,451 for governmental activities.

At the end of FY 2010 the Commission had no bonded debt outstanding. Long-term compensated absences payable totaled \$32,270.

Economic Factors and Subsequent Budgets

The Commission depends on appropriations from the New Mexico State legislature, supplemented by small federal and other grants. General fund appropriations for FY 2010, as originally authorized, were \$2,884,300; no additional money for employee compensation was appropriated. The general fund appropriation was \$53,500 less than the FY 2009 amount as reduced by Laws 2009, Chapter 2, Section 1 (that provision reduced the FY 2009 appropriation by a total of \$75,300, effected through reductions in the March through June monthly general fund allotments).

The agency did not receive any new special appropriations for FY 2010. However, two previously authorized special appropriations were multi-year and continued into FY 2010. The first, a special information technology appropriation of \$150,000 for a centralized electronic records repository, was included in the General Appropriations Act of 2008 (Laws 2008, Chapter 3, Section 7, Item 16) and was for expenditure in FYs 2008 through 2010. The balance of that appropriation, \$63,069, was rebudgeted in FY 2010; of that amount, \$27,769 was expended. Although originally due to expire on June 30, 2010, the appropriation was extended through the end of FY 2012 pursuant to language included in the FY 2010 General Appropriations Act and the remaining balance was budgeted in FY 2011. The second was a multi-year appropriation of \$30,000, reverting at June 30, 2010, for a regional historian initiative. The initial amount of that appropriation was reduced, pursuant to Laws 2009, Chapter 3, Section 2, by 7.3 percent of the unexpended and unencumbered balance, leaving an adjusted appropriation of \$27,800. Of that amount, \$7,000 was expended in FY 2009 and \$17,414 in FY 2010. The remaining \$3,386 was reverted.

Fifty-one thousand four-hundred dollars in federal funds was included in the FY 2010 operating budget, and of that \$47,989 was received. For the internal service fund, based on revenue projections for FY 2010, \$124,000

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was budgeted; the use of another \$57,200 from prior-year fund balances was also authorized. The agency realized \$137,265 in new revenue and expended \$124,098.

The agency had faced budgetary challenges in prior years as appropriations, especially in the Other budget category, failed to keep pace with need. However, the budgetary reductions in both FY 2009 general fund and special appropriations mandated by Laws 2009, Chapters 2 and 3, imposed added hardships on the agency, already facing a lean, general fund operating budget. Even had the agency received an exemption from the Governor's hiring freeze (the application of which to the agency was questionable in any event), it would have been unable to fill the then-four vacant positions due to budgetary insufficiency. These vacancies - two in the Agency Analysis Bureau of the Records Management Division (a unit with only five people when fully staffed) and two in the Archives Bureau of the Archives and Historical Services Division - adversely affected the ability to meet performance targets in the two bureaus, as discussed below.

The hardships of FY 2009 continued into and increased in FY 2010. The four vacancies held open in FY 2009 expanded to six, with two division director positions becoming vacant in early FY 2010 and remaining vacant until January and late March respectively. One of the two division director positions, that of the Information Technology Management Division Director/CIO, was filled through an internal promotion, leaving the Database Administrator position open. A third division director position opened in May and remains open as of this writing (November, 2010). The result of these vacancies was a surplus in the Personal Services and Benefits category. The agency processed a BAR to move budget authority to the Other category, primarily to enable the agency to purchase an archive writer to assist in the conversion of electronic records to microfilm in anticipation of the transfer of gubernatorial and other elected officials' records. The amount of the transfer out of Personal Services and Benefits, however, was capped at two percent pursuant to restrictions in the 2009 General Appropriations Act.

The agency, since it is not subject to gubernatorial control, was not included in the mandatory spending reductions and furloughs imposed by Executive Order 09-044. That Executive Order, however, requested that the Commission of Public Records and other non-gubernatorial agencies consider a three percent reduction. The agency, in recognition of the severity of the State's revenue limitations, volunteered a four percent spending holdback, which it honored and which was included in the agency's FY 2010 reversion.

FY 2011 and FY 2012

Budgetary restrictions grew significantly more severe with the FY 2011 operating budget. Already inadequate, the FY 2011 general fund portion of the operating budget grew even tighter with the September reductions imposed by the Governor under Section 14 of the 2010 General Appropriations Act. To illustrate, FY 2010 actuals in the Other category were approximately \$397,300. The FY 2011 original, general fund appropriation in that category was \$171,100, an amount insufficient to meet operating costs. The September reductions brought that down to \$165,500. The agency over the years has had little discretionary funding in the Other category. The majority of the expenditures are, and have been, committed to fixed costs and basic operating supplies and items. The FY 2011 \$165,500 amount forced the agency to move many of its basic operating expenditures (in-state travel, maintenance, supplies, etc.) to the revolving fund, which historically has been used to fund items linked to revenue generation and to purchase replacements for more expensive capital acquisitions. Those planned purchases will go largely unfunded in FY 2011 with the shift of the operating costs.

While the budgetary limitations are severe in FY 2011, the prospects for FY 2012 look grimmer. If the agency's FY 2012 appropriation is flat compared to FY 2011, or even less, and the agency is compelled to pay the reinstated fine arts premium of over \$60,000 (which was virtually eliminated in FY 2011), it will likely be forced to close the Albuquerque Records Center. The Albuquerque Center requires more than \$90,000 just to

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open the doors (lease, utilities, janitorial services and pest control) and that does not include staff, telecommunications or supplies.

Since it appears that other basic operating expenses will again need to be budgeted through the revolving fund, the Albuquerque Records Center becomes the only significant source of general fund operating money left. The agency believes that closure of the Center would cost the State considerably more than the cost of the fine arts premium. While as many permanent records stored in Albuquerque as possible would be moved to the Santa Fe Center, other records would have to be returned to the storing agencies, which would have to make space available. Most agencies lack appropriate records storage space and staff trained in records management; consequently, the return of records to the originating agencies increases the risk of mismanagement and loss or premature destruction of records. The alternative for those agencies would be to pay the costs, which are significant, of contracting with private storage facilities. Further, the transfer of permanent records to Santa Fe would likely bring that facility to capacity, essentially halting acceptance of additional records from Santa Fe agencies, except as limited space is cleared through scheduled destructions.

The severely limited FY 2011 operating budget and the increasing number of vacancies continue to affect adversely many other agency functions. Development and updating of retention schedules, as discussed below under *Vacancies*, are seriously hampered. Limitations on travel, as well as staff vacancies, have forced the agency to eliminate on-site records and information management training requested by local governments and State agencies. State support for the New Mexico history scholars program and the New Mexico history internship program has been eliminated, although external funding, administered through the New Mexico Historical Society, will enable the scholars program to continue in FY 2011. Fiscal Year 2012 promises no improvement and likely worsening conditions. The New Mexico Historical Records Advisory Board activities and its grant program have continued without serious interruption to date; however, those may be in jeopardy in FY 2012 if State match for the federal funds is not available.

The decline in State revenues and the consequent lack of funding not only for operating budgets but for special appropriations have and will continue to impact the agency and the State in two other areas that merit note. First, an appropriation to proceed with the development of the Centralized Electronic Records Repository (CERR) is not expected. The CERR is the core component of the enterprise content management solution to the State's critical need to gain management control over the increasing number of electronic records it produces. Until a comprehensive solution can be funded and implemented, the State continues at risk for the loss or premature destruction of electronic records - a risk that entails potentially serious financial consequences for the State. Second, the Albuquerque Records Center is at capacity and, while a needs assessment was completed, a long-term solution is not expected for a number of years. The agency entered into a new, five-year lease, effective July 1, 2010, for the same space but was not able to take advantage of the opportunity to lease additional space adjacent to the present Center to meet the pressing storage needs. The agency had hoped to request a special appropriation for FY 2010 to cover the cost of the added space and the requisite shelving; however, the State's revenue shortfall precluded the request. Consequently, IF the agency is able to keep the Albuquerque Center open, acceptance of new records will be limited to space freed by scheduled destructions.

With respect to proprietary fund revenues, as discussed previously, perhaps the most significant change continues to be the revenue collected from agencies publishing in the *New Mexico Register*. Fiscal Year 2010 was the eighth full year in which the agency collected those revenues. The agency anticipates lower revenues from sources such as the sale of boxes and archival supplies and training as State agencies and local governments trim spending. However, the raise in fees charged for publication of notices of rule making and adopted rules from \$1.50 to \$2.00 per columnar inch, effective the beginning of FY 2010, may continue to help offset the drop in other sources. However, as noted earlier, the revenues from publications depend on

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external factors: the extent of rule-making by agencies, which, in turn, is dependent on changes in law and business processes.

Request for Information

This financial report is designed to provide overview of the Commission of Public Records finances for all those interested in the Commission finances. If you have questions about this report or need additional information contact:

**New Mexico Commission of Public Records
State Records and Archives
1205 Camino Carlos Rey
Santa Fe, NM 87507-5166
(505) 476-7902**

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Statement of Net Assets
June 30, 2010**

ASSETS	<u>Governmental Activities</u>
Investment in the State Treasurer General Fund Investment Pool	\$ 468,032
Petty cash	200
Receivables (net)	19,513
Inventories	14,497
Due from other state agencies	6,607
Due from federal government	36,255
Prepaid postage	2,578
Capital assets (net of accumulated depreciation) (note 5)	<u>319,195</u>
Total assets	<u>866,877</u>
 LIABILITIES	
Accounts payable	6,323
Accrued payroll payable	54,141
Payroll taxes payable	20,715
Payroll benefits payable	38,040
Due to other state agencies	8,218
Due to State General Fund (note 6)	170,807
Compensated absences payable (note 7)	
Due within one year	79,859
Due after one year	<u>32,270</u>
Total liabilities	<u>410,373</u>
 NET ASSETS	
Invested in capital assets	319,195
Restricted-Gift Fund	4,995
Unrestricted (deficit)	<u>132,314</u>
Total net assets	<u>\$ 456,504</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Statement of Activities
For the Year Ended June 30, 2010**

	<u>Governmental Activities</u>
Expenses:	
General government:	
Personal services and employee benefits	\$ 2,304,724
Contractual services	134,554
Other costs	429,439
Depreciation	<u>69,451</u>
Total expenses	<u>2,938,168</u>
Program revenues:	
Charges for services	137,265
Operating grants and contributions	<u>50,936</u>
Program revenue	<u>188,201</u>
Net program (expenses)	<u>(2,749,967)</u>
General revenues:	
Transfers:	
State general fund appropriations	2,884,300
Reversion to state general fund (FY 2010)	<u>(170,807)</u>
Total general revenues	<u>2,713,493</u>
Increase (decrease) in net assets	(36,474)
Net assets, beginning	<u>492,978</u>
Net assets, ending	<u>\$ 456,504</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund (Fund 17900) (Major)	Non-Major Funds (Statement 1)	Total Governmental Funds
ASSETS			
Investment in the State Treasurer General Fund Investment Pool	\$ 293,225	\$ 3,418	\$ 296,643
Petty cash	50	-	50
Receivable from federal government	36,255	-	36,255
Due from other funds (note 15)	324	1,600	1,924
Pre-paid postage	2,578	-	2,578
Total assets	\$ 332,432	\$ 5,018	\$ 337,450
LIABILITIES			
Accounts payable	\$ 5,240	\$ -	\$ 5,240
Accrued payroll payable	52,783	-	52,783
Payroll taxes payable	20,180	-	20,180
Payroll benefits payable	37,276	-	37,276
Due to other state agencies (note 14)	8,218	-	8,218
Due to State General Fund (note 6)	170,807	-	170,807
Total liabilities	294,504	-	294,504
FUND BALANCES			
Fund balances:			
Reserved for prepaid postage	2,578	-	2,578
Reserved for petty cash	50	-	50
Unreserved, (deficit)	35,300	5,018	40,318
Total fund balances	37,928	5,018	42,946
Total liabilities and fund balance	\$ 332,432	\$ 5,018	\$ 337,450

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

Total fund balance for the governmental funds (balance sheet) - Exhibit C	\$	42,946
Capital assets (includes Internal Service Fund of \$49,789)		319,195
Long-term liabilities are not due and payable (includes Internal Service Fund compensated absences of \$349)		(112,129)
Internal service fund recharacterized:		
Net assets	\$	255,932
Capital assets		(49,789)
Compensated absences		349
		206,492
Net assets of governmental activities (Exhibit A)	\$	456,504

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Governmental Funds
For the Year Ended June 30, 2010

	<u>General Fund</u> <u>(Fund 17900)</u> <u>(Major)</u>	<u>Non-Major</u> <u>Funds</u> <u>(Statement 2)</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES			
Intergovernmental revenue - federal operating grants	\$ 47,989	\$ -	\$ 47,989
Other gifts and grants	2,903	23	2,926
Miscellaneous revenue	20	-	20
	<hr/>	<hr/>	<hr/>
Total revenues	50,912	23	50,935
EXPENDITURES			
Current:			
Personal services & employee benefits	2,261,892	-	2,261,892
Contractual services	133,554	-	133,554
Other costs	367,630	-	367,630
Capital outlay	51,310	-	51,310
	<hr/>	<hr/>	<hr/>
Total expenditures	2,814,386	-	2,814,386
Excess (deficiency) of revenues over expenditures	<hr/> <u>(2,763,474)</u>	<hr/> <u>23</u>	<hr/> <u>(2,763,451)</u>
OTHER FINANCING SOURCES (USES)			
Transfers:			
State General Fund appropriation	2,884,300	-	2,884,300
Reversion - FY10	<u>(170,807)</u>	<u>-</u>	<u>(170,807)</u>
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	2,713,493	-	2,713,493
Net change in fund balance	(49,981)	23	(49,958)
Fund balance - beginning	<hr/> 87,909	<hr/> 4,995	<hr/> 92,904
Fund balance - ending	<hr/> <u>\$ 37,928</u>	<hr/> <u>\$ 5,018</u>	<hr/> <u>\$ 42,946</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Reconciliation of the Statements of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statements of Activities
Governmental Funds
For the Year Ended June 30, 2010

		<u>Total</u>
Net Change in Fund Balance - Governmental Funds (exhibit D)	\$	(49,958)
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	\$	50,810
Depreciation (includes Internal Service Fund of \$10,848)		<u>(69,451)</u>
		(18,641)
<p>Some expenses (compensated absences) 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 (includes Internal Service Fund of \$349)</p>		
		10,130
<p>Internal service fund net change in net assets recharacterized:</p>		
Change in net assets (exhibit H)	\$	10,798
Depreciation expense		10,848
Compensated absences		<u>349</u>
		<u>21,995</u>
Changes in Net Assets of Governmental Activities (exhibit B)	\$	<u>(36,474)</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Statement of Revenues and Expenditures - Budget and Actual
(Budgetary Basis)
General Fund (Fund 17900) - Major
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal funds	\$ 51,400	\$ 51,400	\$ 43,697	\$ (7,703)
State General Fund	2,884,300	2,884,300	2,884,300	-
Other gifts and grants	-	38,000	2,903	(35,097)
	<u>2,935,700</u>	<u>2,973,700</u>	<u>\$ 2,930,900</u>	<u>\$ (42,800)</u>
Total revenues				
Prior-year fund balance	<u>83,869</u>	<u>83,869</u>		
Total resources	<u>\$ 3,019,569</u>	<u>\$ 3,057,569</u>		
EXPENDITURES:				
Personal services/benefits	\$ 2,400,800	\$ 2,354,300	\$ 2,261,892	\$ 92,408
Contractual services	239,469	254,569	133,554	121,015
Other costs	379,300	448,700	417,509	31,191
	<u>3,019,569</u>	<u>3,057,569</u>	<u>2,812,955</u>	<u>244,614</u>
Total expenditures				

Reconciliation of Budgetary Basis to GAAP Basis:

	<u>Revenue</u>	<u>Expenditures</u>
Budget basis (Statements 3 through 5)	\$ 2,930,900	\$ 2,812,955
Adjustments:		
Adjustment to amount due from the federal government	4,292	-
Adjustment for reimbursement of a prior-year expense	20	20
Adjustment to prepaid postage and postage expense	-	1,412
Rounding	-	(1)
	<u>2,935,212</u>	<u>2,814,386</u>
GAAP basis (Exhibit D)	<u>\$ 2,935,212</u>	<u>\$ 2,814,386</u>

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2011 budget.

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Statement of Net Assets
Proprietary Funds
June 30, 2010**

	Governmental Activities- Internal Service Fund (Fund 37100)
ASSETS	
Current assets:	
Investment in the State Treasurer General Fund Investment Pool	\$ 171,389
Petty cash	150
Receivables	19,513
Inventories	14,497
Due from other state agencies	<u>6,607</u>
Total current assets	<u>212,156</u>
Noncurrent assets:	
Capital assets:	
Furniture and equipment (note 5)	288,493
Less accumulated depreciation (note 5)	<u>(238,704)</u>
Capital assets, net	<u>49,789</u>
Total noncurrent assets	<u>49,789</u>
Total assets	<u>261,945</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,083
Accrued payroll payable	1,358
Payroll taxes payable	535
Payroll benefits payable	764
Due to other funds (note 15)	1,924
Compensated absences payable	<u>349</u>
Total current liabilities	<u>6,013</u>
NET ASSETS	
Invested in capital assets	49,789
Unrestricted (deficit)	<u>206,143</u>
Total net assets	<u>\$ 255,932</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Governmental Activities- Internal Service Fund (Fund 37100)
Operating revenues:	
Charges for services	\$ <u>137,265</u>
Operating expenses:	
Current:	
Personal services/benefits	53,310
Contractual services	1,000
Other costs	61,309
Depreciation expense	<u>10,848</u>
Total operating expenses	<u>126,467</u>
Changes in net assets	10,798
Total net assets, beginning of year	<u>245,134</u>
Total net assets, end of year	<u>\$ <u>255,932</u></u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2010

	<u>Governmental Activities- Internal Service Fund (Fund 37100)</u>
Cash flows from operating activities:	
Receipts from customers	\$ 149,090
Payments to employees and suppliers	<u>(114,919)</u>
Net cash provided (used) by operating activities	34,171
Cash flows from capital financing activities:	
Additions to equipment	<u>(9,082)</u>
Net increase (decrease) in cash and cash equivalents	25,089
Cash and cash equivalents, beginning of year	<u>146,300</u>
Cash and cash equivalents, end of year	<u>\$ 171,389</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 10,798
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	10,848
Change in assets (increase) decrease:	
Receivables	11,825
Inventories	640
Change in liabilities (decrease) increase:	
Accounts and other payables	<u>60</u>
Net cash provided (used) by operating activities	<u>\$ 34,171</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010

1. Summary of Significant Accounting Policies

Financial Reporting Entity

Function of the Commission - Created by Section 14-3-3, NMSA 1978, the State of New Mexico, Commission of Public Records (Commission) consists of the Secretary of State, the Secretary of General Services Department, the State Law Librarian, the Director of the Museum of New Mexico, the State Auditor, the Attorney General and a recognized professionally trained historian in the field of New Mexico history who is a resident of New Mexico, appointed by the Governor for a period of six years. The Commission employs a records administrator. The administrator supervises and controls the records center.

The Commission is divided into six divisions: the Archives and Historical Services Division which organizes and maintains official archives and historical private collections and makes them accessible to all patrons; Records Management Division which has statutory responsibility for efficient and economical records management; Administrative Services Division which is responsible for the administrative duties; Administrative Law Division which implements the State Rules Act; the Information Technology Division which provides information and technology support; and the Office of the State Historian which promotes an understanding of New Mexico history.

The Commission is a component unit of the State of New Mexico and these financial statements include all funds and activities over which the Commission has oversight responsibility. The Commission has decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The Commission is part of the primary government of the State of New Mexico and its financial data should be included with the financial data of the state. However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government. Additionally, the Commission has no component units that are required to be included in this report.

The Commission's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Commission are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Commission's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Commission's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

1. Summary of Significant Accounting Policies (Cont'd)

A summary of the Commission's significant accounting policies follows:

A. Basis of Accounting - GASB Statement #34

The basic financial statements include both government-wide (based on the Commission as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental activities.

Government-Wide Financial Statements

The *statement of net assets* and the *statement of activities* display information about the Commission, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business type activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

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) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function.

The net cost (by function) for General Government activities is normally covered by general revenues (State General Fund appropriations) and program revenues generated by the internal service fund.

The government-wide 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 expenses are recorded when the liability is incurred or economic assets used. Other nonexchange revenues including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

Fund Financial Statements

The governmental fund financial statements are presented on a current financial resource using modified accrual basis of accounting, and the internal service fund under the proprietary funds financial statements are on an accrual basis. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities (within sixty days). Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

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

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

1. Summary of Significant Accounting Policies (Cont'd)

A. Basis of Accounting - GASB Statement #34 (Cont'd)

Fund Financial Statements (Cont'd)

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Commission first uses restricted resources then unrestricted resources.

The operating revenues and expenses of the proprietary funds are those transactions that constitute the funds principal ongoing operations. The Commission's proprietary funds had no non-operating revenues and expenses during the current fiscal year.

B. Fund Accounting

The accounts of the Commission are organized on a fund basis, 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 equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The following fund types are used by the Commission:

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the Commission and accounts for all revenues and expenditures of the Commission not encompassed within other funds. The General Fund is funded primarily through appropriations from the State of New Mexico General Fund and a small federal grant. The Statewide Human Resources, Accounting and Management Reporting System (SHARE) number and description of the General Fund of the Commission is #17900 - State Commission - Public Records. The general fund is a reverting fund.

Special Revenue Fund - The Special Revenue Fund is used to account for specific revenues that are legally restricted to expenditures for particular purposes. The Special Revenue Fund receives money from private donations. The SHARE number and description of the Special Revenue Fund of the Commission is #75800 - State Commission - Public Records. The special revenue fund is non-reverting per Section 14-3-5, NMSA 1978. This is a non-budgeted fund.

Capital Projects Fund - The Capital Projects Fund was created by a fiscal year 2005 State General Fund appropriation to the Commission to purchase furniture and equipment. The SHARE number is #65800. A budget was not established for this fund during the fiscal year.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other department or agencies primarily within the government (internal service funds). The Commission maintains one Internal Service Fund which is reported in the governmental activities. The SHARE number and description of the Internal Service Fund of the Commission is #37100 - State Commission - Records Center.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

1. Summary of Significant Accounting Policies (Cont'd)

C. Assets, Liabilities and Equity

Cash and Investment in the State Treasurer General Fund Investment Pool

All of the Commission's cash is held by the New Mexico State Treasurer. Deposits are non-interest bearing. The carrying value of all such cash deposits is shown at Note 2. Monies deposited by the Commission with the State Treasurer are pooled and invested by the State Treasurer. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits. For purposes of the Statement of Cash Flows, the Governmental Activities Internal Service Fund considers cash on hand and Investment in the State Treasurer General Fund Investment Pool to be cash and cash equivalents.

Inventory

Inventories are reported at cost and the first-in first-out method of determining inventory value is used.

Capital Assets

Capital assets of the Commission include data processing equipment, furniture and fixtures, equipment and automobiles. The Commission does not have any infrastructure. Capital assets are defined in Section 12-6-10 NMSA 1978. Section 12-6-10 NMSA 1978, was amended effective June 19, 2005, changing the capitalization threshold of movable chattels and equipment from items costing more than \$1,000 to items costing more than \$5,000. The Commission has adopted this change in an accounting estimate, per Accounting Principles Board (APB) 20. Old inventory items that do not meet the new capitalization threshold will remain on the inventory list and continue to be depreciated. Any items received after July 1, 2005, will be added to the inventory only if they meet the new capitalization policy. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Computer software which is purchased with data processing computer equipment is included as part of the capitalized computer equipment in accordance with 2.20.1.9 C (5) The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The Commission does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the capital assets. Capital assets of the Commission are depreciated using zero salvage value and the straight-line method over the following estimated useful lives:

Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. Depreciable assets are equipment items with useful lives ranging from four (4) to twenty (20) years. Any software acquired is also capitalized and depreciated over three (3) years.

There is no outstanding debt related to capital assets.

Long-Term Liabilities

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment of 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 percent of their hourly rate, not to exceed 120 hours each semi-annual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours, at 50 percent

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

1. **Summary of Significant Accounting Policies (Cont'd)**

C. Assets, Liabilities and Equity (Cont'd)

of the individual's hourly rate. Accrued vacation and sick leave pay are recorded as a liability and as an increase or decrease in expenses in the government-wide financial statements.

Qualified employees accumulate annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned Per Pay Period</u>
1 month - 3 years	3.08
Over 3 - 7 years	3.69
Over 7 - 11 years	4.61
Over 11-15 years	5.54
Over 15 years - beyond	6.15

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost.

In addition, the Commission allows FLSA non-exempt employees to accumulate compensatory leave in certain approved circumstances. Compensatory leave may be carried forward into the next calendar year and any unused portion is paid at termination to non-exempt employees under the Federal Labor Standards Act.

In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources.

Commission General Fund resources and Proprietary Fund resources have been used to liquidate accrued compensated absences in the past.

Equity

Government-wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The Commission has no outstanding debt related to capital assets.
2. Restricted net assets, consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

1. Summary of Significant Accounting Policies (Cont'd)

C. Assets, Liabilities and Equity (Cont'd)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

Program Revenues

Revenue items included in program revenue consists of federal grants, sales of storage boxes, archiving services and printing and productions.

D. Budgetary Data

The state legislature makes annual appropriations to the Commission of Public Records. Legal compliance is monitored through the establishment of annual budgets for the General Fund and Internal Service Fund. Budgets were not established for the capital projects fund or special revenue fund.

The following are the procedures followed in establishing the budgetary data presented in the financial statements:

1. The Commission of Public Records submits a proposed budget to the New Mexico state legislature for the fiscal year commencing the following July 1. The state legislature must approve the budget prior to its legal enactment.
2. Budgets are controlled at the appropriation unit level.
3. Any adjustment to the budget must be submitted to and approved by the State of New Mexico Department of Finance and Administration in the form of a budget adjustment request.
4. The budget for the Commission is adopted on a modified accrual basis of accounting. Per the General Appropriations Act, Chapter 124, Laws of 2009, Section 3, Paragraph N, the budgetary basis is modified accrual. However, there is 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 require approval to pay prior year bills out of the FY 2010 budget. At June 30, 2010, there were none.

Balances remaining at the end of the fiscal year from appropriations made from the State General Fund shall revert to the appropriate fund, unless otherwise indicated in the appropriations act or otherwise provided by law.

E. Operating Transfers

State General Fund appropriations are recognized as operating transfers-in during the year the appropriation is made.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

1. Summary of Significant Accounting Policies (Cont'd)

F. Estimates

Preparation of financial statements in accordance with generally accepted accounting principles requires the use of management estimates where necessary.

G. Interfund Activity

Interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. The interfund balances shows on the balance sheets - governmental funds are for reimbursement of expenditures paid out of those funds.

2. Cash on Hand and on Deposit

Cash on hand and on deposit with the New Mexico State Treasurer General Fund Investment Pool at June 30, 2010, is as follows:

<u>Account Name</u>	<u>SHARE Fund #</u>	<u>Balance per Depository</u>	<u>Adjustments</u>	<u>Balance per Books</u>	<u>Petty Cash</u>
General Fund	17900	\$ 329,480	\$ (36,255)	\$ 293,225	\$ 50
Capital Projects Fund	65800	-	-	-	-
Special Revenue Fund	75800	3,418	-	3,418	-
Internal Service Fund	37100	<u>171,389</u>	<u>-</u>	<u>171,389</u>	<u>150</u>
		<u>\$ 504,287</u>	<u>\$ (36,255)</u>	<u>\$ 468,032</u>	<u>\$ 200</u>

All cash, other than petty cash, is on deposit with the State Treasurer (STO) in the General Fund Investment Pool. In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50 percent. Collateral pledged to secure these deposits is monitored by the STO and the STO issues separate financial statements which disclose the collateral pledged to secure these deposits.

Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of a bank failure, the agency's deposits may not be returned to it. The agency does not have a deposit policy for custodial credit risk. The agency does not maintain any deposit accounts outside of the STO's and, therefore, custodial credit risk as of June 30, 2010, could not be measured.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

3. Accounts Receivable

Accounts receivable in the Internal Service Fund at June 30, 2010, consisted of sales of boxes and other services. The total receivables at year end amounted to \$19,513 and are considered collectable.

4. Estimates of Archival Holdings

The Commission's archival holdings contain valuable collections which have been catalogued but have not been valued or appraised. These collections do not meet the criteria for capitalization under GASB 34.

The Commission has estimated the value of the archival holdings for insurance purposes. A report issued October 19, 1995, by the Deputy Administrator of the Commission, values these holdings at \$273,815,000. This estimate is for information only.

5. Capital Assets

Capital assets at year end reflect the following changes:

Governmental Activities:	Balance 06/30/09	Adjustments to 6/30/2009 Balance	Adjusted Balance 06/30/09	Additions	Deletions	Balance 06/30/10
<u>Cost</u>						
Library and museum acquisitions	\$ 23,299	\$ -	\$ 23,299	\$ -	\$ -	\$ 23,299
Machinery and equipment	1,149,462	-	1,149,462	59,892	-	1,209,354
Land improvements	1,289	-	1,289	-	-	1,289
	<u>1,174,050</u>	<u>-</u>	<u>1,174,050</u>	<u>59,892</u>	<u>-</u>	<u>1,233,942</u>
<u>Accumulated Depreciation</u>						
Library and museum acquisitions	(1,356)	-	(1,356)	(235)	-	(1,591)
Machinery and equipment	(843,334)	-	(843,334)	(69,152)	-	(912,486)
Land improvements	(606)	-	(606)	(64)	-	(670)
	<u>(845,296)</u>	<u>-</u>	<u>(845,296)</u>	<u>(69,451)</u>	<u>-</u>	<u>(914,747)</u>
Net	<u>\$ 328,754</u>	<u>\$ -</u>	<u>\$ 328,754</u>	<u>\$ (9,559)</u>	<u>\$ -</u>	<u>\$ 319,195</u>

Depreciation expense for the year ended June 30, 2010, was \$69,451 for the Governmental Activities. There is no debt related to capital assets.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

5. Capital Assets (Cont'd)

Internal Service Fund	<u>Balance 06/30/09</u>	<u>Adjustments to 6/30/2009 Balance</u>	<u>Adjusted Balance 06/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/10</u>
<u>Cost</u>						
Machinery and equipment	\$ 279,411	\$ -	\$ 279,411	\$ 9,082	\$ -	\$ 288,493
<u>Accumulated Depreciation</u>						
Machinery and equipment	(227,856)	-	(227,856)	(10,848)	-	(238,704)
	<u>\$ 51,555</u>	<u>\$ -</u>	<u>\$ 51,555</u>	<u>\$ (1,766)</u>	<u>\$ -</u>	<u>\$ 49,789</u>

Depreciation expense for the year ended June 30, 2010, was \$10,848 for the Internal Service Fund. There is no debt related to capital assets.

6. Due to State General Fund

Cash Balance, June 30, 2010	\$ 293,225
Add: Due from federal government, NHPRC, 6/30/2010	36,255
Due from other funds (Fund 37100), 6/30/2010	<u>324</u>
Amount available (all state cash)	329,804
Less: Due to other state agencies (DFA), 6/30/2010	(8,218)
Accounts payable at 6/30/2010	(5,240)
Accrued payroll payable, 6/30/2010	(52,783)
Payroll taxes payable, 6/30/2010	(20,180)
Payroll benefits payable, 6/30/2010	(37,276)
Special appropriation, Laws 2008, Ch. 3, Sec. 7, lapses 6/30/2012	<u>(35,300)</u>
Due to State General Fund, June 30, 2010	<u>\$ 170,807</u>
Reversions by Fiscal Year Appropriation:	
FY 2008 (Laws 2008 - Special Appropriation)	\$ 3,386
FY 2010 (Laws 2009 - General Appropriations)	<u>167,421</u>
	<u>\$ 170,807</u>

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

7. Long-Term Liabilities

The following is a summary of changes in compensated absences at June 30, 2010.

	<u>Balance 06/30/2009</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance 06/30/2010</u>
<u>Governmental Activities:</u>				
Current	\$ 88,166	\$ 84,087	\$ (92,394)	\$ 79,859
Long-Term	34,476	34,770	(36,976)	32,270
Total	<u>\$ 122,642</u>	<u>\$ 118,857</u>	<u>\$ (129,370)</u>	<u>\$ 112,129</u>

General Fund revenues are used to liquidate compensated absences.

8. Net Assets and Fund Equity

The net assets reported in the Statement of Net Assets for governmental activities on Exhibit A (\$456,504) differs from the total fund balances of the Commission's governmental funds (\$42,946) on Exhibit C. This difference primarily results from the long-term economic focus of the Statement of Net Assets versus the current financial resources focus of the governmental fund balance sheets and from the addition of the net assets reported in the internal service fund on Exhibit H.

Total expenditures for governmental funds (\$2,814,386) on Exhibit D differs from total expenses for governmental activities (\$2,938,168) reported in the Statement of Activities on Exhibit B. The differences primarily arise from the long-term economic focus of the Statement of Activities versus the current spending focus of the governmental funds. The adjustment for the internal service fund closes those funds by charging additional amounts to the participating programs to completely cover internal service fund costs for the year. Detailed explanation of certain net or combined adjustments are provided below:

Total operating expense (Exhibit H)	\$ 126,467
Total expenditures (Exhibit D)	2,814,386
Net depreciation expense less capital outlay additions	7,793
Adjustment for compensated absences	<u>(10,478)</u>
Total expenses (Exhibit B)	<u>\$ 2,938,168</u>

9. Inter-Agency Transfers

Following is a schedule of inter-agency transfers:

		<u>From Fund No.</u>	<u>To Fund No.</u>	<u>Transfers</u>	
				<u>In</u>	<u>Out</u>
<u>General Fund</u>					
<u>Fund 17900</u>					
(1)	Department of Finance and Administration State General Fund Appropriation	85300	17900	\$ 2,884,300	\$ -
(2)	Department of Finance and Administration General Fund reversion - FY 2010	17900	85300	-	170,807
				<u>\$ 2,884,300</u>	<u>\$ 170,807</u>

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

10. Operating Lease Commitment

The Commission maintains an operating lease as follows:

The Commission signed a five (5) year lease for warehouse space in Albuquerque. The lease contains variable annual rate beginning July 1, 2010 and ending June 30, 2015. Rent is paid on a monthly basis. The future minimum rent payments for periods ending June 30 are as follows:

2011	\$ 77,748
2012	80,716
2013	83,684
2014	86,651
2015	<u>89,619</u>
 Total	 <u>\$418,418</u>

Rent expense for the year was \$82,496.

11. Pension Plan - Public Employees Retirement Association

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

Funding Policy. Plan members are required to contribute 8.92% (ranges from 3.83% to 16.65% depending upon the plan, i.e., state general, municipal police, municipal fire, municipal detention officer) of their gross salary. The Commission is required to contribute 15.09% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the Commission are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Commission's contributions to PERA for the fiscal years ending June 30, 2010, 2009, and 2008 were \$252,913, \$297,077, and \$274,741 respectively, which equal the amount of the required contributions for each fiscal year.

12. 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 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.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

12. Post Employment Benefits - State Retiree Health Care Plan (Cont'd)

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

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

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

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

For employees who are not members of an enhanced retirement plan the contribution rates will be:

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

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

Fiscal Year	Employer Contribution Rate	Employee Contribution Rate
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after January 1, 1998, are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

12. Post Employment Benefits - State Retiree Health Care Plan (Cont'd)

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The Commission's contributions to the RHCA for the years ended June 30, 2010, 2009, and 2008, were \$21,718, \$23,279, and \$21,529, respectively, which equal the required contributions for each year.

13. Risk Management

The Commission of Public Records is exposed to certain risks including general liability, workers' compensation, civil rights, loss or damage to archives, inventory, equipment and employee dishonesty. The Commission purchases insurance through the State of New Mexico, General Services Department - Risk Management Division. The Commission must make claims to the Risk management Division for insurable losses incurred. The Commission transfers risk of loss to the pool.

The State of New Mexico basically self-insures by providing a risk pool to which most state agencies contribute. Risk Management is required by statute to provide the risk pool, assess individual agencies needs, determine the related premiums and initiate operating transfers to effect payment into the risk pool. If an agency has special needs (e.g., insurance coverage for works of art, collectable items, etc.), Risk Management will acquire such coverage by buying individual policies.

The Commission has acquired a special policy covering its Archival holdings with a fine arts insurance policy through Risk Management as well as a building insurance policy. The policy provides for a \$1,000 deductible. The policy is limited to a total of \$50,000,000 with a \$10,000 per document limit. Premiums are paid annually. The premium for FY 2010 was \$100,948.

The Commission paid the following insurance for FY 2010 to the State of New Mexico, General Services Department:

Workman's Compensation Insurance	\$ 2,278
Employee Liability Insurance	4,509
Property Insurance (Includes Fine Arts Insurance)	<u>102,751</u>
	<u>\$109,538</u>

14. Due To/Due From Other State Agencies

	<u>Purpose</u>	<u>Due From</u>	<u>Due To</u>
<u>Fund 17900-General Fund</u>			
Due to Dept. of Finance and Administration	Payroll tax and payroll benefits liability errors-SHARE	-	\$ 8,218
<u>Fund 37100 - Internal Service Fund</u>			
Various agencies	Sale of goods	6,607	-

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Notes to the Financial Statements
June 30, 2010**

15. Due To/Due From Other Funds

	<u>Due From</u>	<u>Due To</u>
<u>Fund 17900-General Fund</u>		
Due from Fund 37100-Internal Service Fund	\$ 324	-
<u>Fund 37100-Internal Service Fund</u>		
Due to Fund 17900-General Fund	-	\$ 324
Due to Fund 75800-Special Revenue Fund	-	1,600
<u>Fund 75800-Special Revenue Fund</u>		
Due from Fund 37100-Internal Service Fund	1,600	-
	<u>\$1,924</u>	<u>\$1,924</u>

16. Special Appropriations

The activity and current status of prior and current year supplemental appropriations follows:

	<u>Laws</u>	<u>Appropriation Amount</u>	<u>Expended Through 06/30/09</u>	<u>Expended During FYE 6/30/10</u>	<u>Unexpended Balance 6/30/10</u>	<u>Date Appropriation Lapses</u>
1	Laws 2008	27,800	(7,000)	(17,414)	3,386	06/30/2010
2	Laws 2008	150,000	(86,931)	(27,769)	35,300	06/30/2012
		<u>\$ 177,800</u>	<u>\$ (93,931)</u>	<u>\$ (45,183)</u>	<u>\$ 38,686</u>	

Legend

1. Regional Historian Initiative (Statement 4)
2. Centralized Repository Systems (Statement 5)

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 Combining Balance Sheet - Non-Major Funds
 Governmental Funds
 June 30, 2010

	Capital Projects (Fund 65800) (Non-Major)	Special Revenue (Fund 75800) (Non-Major)	Total Non-Major Governmental Funds
ASSETS			
Investment in the State Treasurer General Fund			
Investment Pool	\$ -	\$ 3,418	\$ 3,418
Due from other funds (note 15)	-	1,600	1,600
Total assets	\$ -	\$ 5,018	\$ 5,018
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
Total liabilities	-	-	-
FUND BALANCES			
Fund balances:			
Unreserved	-	5,018	5,018
Total fund balances	-	5,018	5,018
Total liabilities and fund balance	\$ -	\$ 5,018	\$ 5,018

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2010

	<u>Capital Projects (Fund 65800) (Non-Major)</u>	<u>Special Revenue (Fund 75800) (Non-Major)</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Other gifts and grants	\$ -	\$ 23	\$ 23
Total revenues	<u>-</u>	<u>23</u>	<u>23</u>
EXPENDITURES			
Current operating:			
Personal services and employee benefits	-	-	-
Contractual services	-	-	-
Other costs	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	23	23
Fund balance - beginning	<u>-</u>	<u>4,995</u>	<u>4,995</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 5,018</u>	<u>\$ 5,018</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Statement of Revenues and Expenditures - Budget and Actual
(Budgetary Basis)
General Fund (Fund 17900 - P641) - Major
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Federal funds	\$ 51,400	\$ 51,400	\$ 43,697	\$ (7,703)
State General Fund	2,884,300	2,884,300	2,884,300	-
Other gifts and grants	-	38,000	2,903	(35,097)
	<u>2,935,700</u>	<u>2,973,700</u>	<u>\$ 2,930,900</u>	<u>\$ (42,800)</u>
Total revenues				
Prior-year fund balance	-	-		
Total resources	<u>\$ 2,935,700</u>	<u>\$ 2,973,700</u>		
EXPENDITURES:				
Personal services/benefits	\$ 2,400,800	\$ 2,354,300	\$ 2,261,892	\$ 92,408
Contractual services	155,600	174,600	88,935	85,665
Other costs	379,300	444,800	416,945	27,855
	<u>2,935,700</u>	<u>2,973,700</u>	<u>\$ 2,767,772</u>	<u>\$ 205,928</u>
Total expenditures				
Reconciliation of Budgetary Basis to GAAP Basis:				
Budget basis			\$ 2,930,900	\$ 2,767,772
Adjustments:				
Adjustment to amount due from the federal government			4,292	-
Adjustment for reimbursement of a prior-year expense			20	20
Adjustment to prepaid postage and postage expense			-	1,412
Rounding			-	(1)
GAAP basis			<u>\$ 2,935,212</u>	<u>\$ 2,769,203</u>

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2011 budget.

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 Statement of Revenues and Expenditures - Budget and Actual
 (Budgetary Basis)
 General Fund (Fund 17900 - Z81135) - Major
 Multi-Year Appropriation - Regional Historian Initiative
 Laws 2008, Ch. 6, Sec. 10, Lapses 6/30/2010
 For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>P/Y Actual Budgetary Basis</u>	<u>C/Y Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>			
REVENUES:					
Federal funds	\$ -	\$ -	\$ -	\$ -	\$ -
State General Fund	<u>30,000</u>	<u>27,800</u>	<u>30,000</u>	<u>-</u>	<u>2,200</u>
Total revenues	30,000	27,800	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 2,200</u>
Prior-year fund balance	<u>-</u>	<u>-</u>			
Total resources	<u>\$ 30,000</u>	<u>\$ 27,800</u>			
EXPENDITURES:					
Personal services/benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	30,000	23,900	7,000	16,850	50
Other costs	<u>-</u>	<u>3,900</u>	<u>-</u>	<u>564</u>	<u>3,336</u>
Total expenditures	<u>\$ 30,000</u>	<u>\$ 27,800</u>	<u>\$ 7,000</u>	<u>\$ 17,414</u>	<u>\$ 3,386</u>
Reconciliation of Budgetary Basis to GAAP Basis:					
Budget basis			\$ -	\$ 17,414	
Adjustments:					
None			<u>-</u>	<u>-</u>	
GAAP basis			<u>\$ -</u>	<u>\$ 17,414</u>	

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2011 budget.

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Statement of Revenues and Expenditures - Budget and Actual
(Budgetary Basis)
General Fund (Fund 17900 - Z80716) - Major
Multi-Year Supplemental Appropriation - Centralized Repository System
Laws 2008, Ch. 3, Sec. 7, Lapses 6/30/2012
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>P/Y Actual Budgetary Basis</u>	<u>C/Y Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>			
REVENUES:					
Federal funds	\$ -	\$ -	\$ -	\$ -	\$ -
State General Fund	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Total revenues	150,000	150,000	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>
Prior-year fund balance	<u>-</u>	<u>-</u>			
Total resources	<u>\$ 150,000</u>	<u>\$ 150,000</u>			
EXPENDITURES:					
Personal services/benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	150,000	150,000	86,931	27,769	35,300
Other costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 86,931</u>	<u>\$ 27,769</u>	<u>\$ 35,300</u>
Reconciliation of Budgetary Basis to GAAP Basis:					
Budget basis			\$ -	\$ 27,769	
Adjustments:					
None			<u>-</u>	<u>-</u>	
GAAP basis			<u>\$ -</u>	<u>\$ 27,769</u>	

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2011 budget.

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Statement of Revenues and Expenditures - Budget and Actual
(Budgetary Basis)
Proprietary Funds - Internal Service Fund (Fund 37100)
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
REVENUES:				
Charges for services	\$ 124,000	\$ 124,000	\$ 137,265	\$ 13,265
Total revenues	124,000	124,000	<u>\$ 137,265</u>	<u>\$ 13,265</u>
Prior-year fund balance	<u>57,200</u>	<u>57,200</u>		
Total resources	<u>\$ 181,200</u>	<u>\$ 181,200</u>		
EXPENDITURES:				
Personal services/benefits	\$ 53,900	\$ 53,900	\$ 53,346	\$ 554
Contractual services	10,000	10,000	1,000	9,000
Other costs	<u>117,300</u>	<u>117,300</u>	<u>69,751</u>	<u>47,549</u>
Total expenditures	<u>\$ 181,200</u>	<u>\$ 181,200</u>	<u>\$ 124,097</u>	<u>\$ 57,103</u>

Reconciliation of Budgetary Basis to GAAP Basis:

	<u>Revenue</u>	<u>Expenditures</u>
Budget Basis	\$ 137,265	\$ 124,097
Adjustments:		
Decrease in compensated absences payable	-	(36)
Decrease in inventories	-	640
Capital outlay expenditures - capitalized	-	(9,082)
Depreciation expense	-	<u>10,848</u>
GAAP basis	<u>\$ 137,265</u>	<u>\$ 126,467</u>

Note:

The actual expenditures on the budgetary basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2011 budget.

The accompanying notes are an integral part of the financial statements.

OTHER REPORTS

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Schedule of Joint Powers Agreement
June 30, 2010

Electronic Document Management System

- A) Participants: The Human Services Department, Taxation and Revenue Department, and the Commission of Public Records.
- B) Responsible party for operations: Human Services Department
- C) Descriptions - The purpose of this agreement is to design, develop and implement an electronic document management system for use by all State agencies. The project was authorized and funded through House Bill 2 in which \$2 million dollars was allocated to the project.
- D) Beginning and ending date of agreement: February 10, 2005. End date still to be determined.
- E) Total estimated amount of project is \$2,000,000. Funded through House Bill 2 with Human Services Department as lead agency.
- F) The Commission of Public Records contributed no money in the current fiscal year.
- G) The Human Services Department has audit responsibility.
- H) The Human Services Department is the fiscal agent.
- I) The Human Services Department reports all revenues and expenditures.

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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

Dr. Stanley Hordes, Ph.D., Chairman
Commission of Public Records
and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, the major fund (general fund), the budgetary comparison statement of the General Fund, the aggregate remaining fund information, and the individual funds and respective budgetary comparisons presented as supplemental information of the State of New Mexico, Commission of Public Records (Commission), a component unit of the State of New Mexico, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 12, 2010. We have also audited the financial statements of each of the Commission's nonmajor governmental funds, and the respective budgetary comparisons presented as supplementary information in the combining and individual fund financial statements as of and for the year ended June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 State of New Mexico, Commission of Public Records' internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



Compliance and Other Matters

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

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 12, 2010

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Schedule of Findings and Responses
June 30, 2010**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

None

b. Resolved and not included in current-year

**2009-1 Failure to Revert Unexpended State General Fund Appropriations to the State
General Fund - Compliance**

**II. CURRENT-YEAR FINDINGS PERTAINING TO THE FINANCIAL STATEMENTS WHICH ARE
REQUIRED TO BE REPORTED**

None

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
Preparation of Financial Statements
and Exit Conference
June 30, 2010**

Preparation of Financial Statements

The audited financial statements were prepared by the independent certified public accountant performing the audit with the assistance of the Commission's staff. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance. Management has reviewed and approved the financial statements.

The Commission's staff has prepared the Management's Discussion and Analysis.

Exit Conference

An exit conference was held on December 1, 2010, to discuss the audit. The following individuals were in attendance:

State of New Mexico, Commission of Public Records

Dr. Stanley Hordes, Ph. D., Historian, Commission Chairman
Sandra Jaramillo, State Records Administrator
Judi Hazlett, Deputy Administrator and Chief Financial Officer
Ruben Rivera, Fiscal Officer

Audit Firm - Robert J. Rivera, CPA, PC

Robert J. Rivera, CPA