

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

**Financial Statements  
For the Year Ended June 30, 2011**

**(With Independent Auditor's Report Thereon)**

**ROBERT J. RIVERA, CPA, PC  
CERTIFIED PUBLIC ACCOUNTANTS  
SANTA FE, NEW MEXICO 87505-4761**

## INTRODUCTORY SECTION

**STATE OF NEW MEXICO  
COMMISSION OF PUBLIC RECORDS  
June 30, 2011**

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**STATE OF NEW MEXICO  
COMMISSION OF PUBLIC RECORDS  
June 30, 2011**

**OFFICIAL ROSTER**

**COMMISSION OF PUBLIC RECORDS**

Dr. Stanley M. Hordes, Ph.D - Historian ..... Chairman  
Edwynn Burckle - Secretary, New Mexico General Services Department ..... Member  
Robert Mead - NM State Law Librarian ..... Secretary  
Honorable Hector H. Balderas - New Mexico State Auditor ..... Member  
Frances Levine, Ph. D. - Director, Museum of New Mexico ..... Member  
Honorable Dianna J. Duran - New Mexico Secretary of State ..... Member  
Honorable Gary King - New Mexico Attorney General ..... Member

**ADMINISTRATIVE PERSONNEL**

Sandra Jaramillo ..... State Records Administrator  
(through November 30, 2011)  
John H. Martinez ..... State Records Administrator  
(effective September 17, 2011)  
Vacant ..... Deputy Administrator and  
Chief Financial Officer  
Ruben Rivera ..... Fiscal Officer  
Scott Sheldon ..... Procurement Officer

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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, 2011, 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, 2011, 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, 2011, 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.

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, 2011, 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, 2011, 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 11, 2011, 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 xiii 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 11, 2011

**NEW MEXICO COMMISSION OF PUBLIC RECORDS  
STATE RECORDS CENTER AND ARCHIVES  
Management's Discussion and Analysis  
(Required Supplementary Information)  
Fiscal Year 2011**

The Commission of Public Records' *Management 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 Discussion and Analysis* focuses on Fiscal Year (FY) 2011 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 2011 were \$372,012 (assets minus liabilities).
- Net program expenses were \$2,411,273 (total expenses of \$2,628,818 less revenue of \$217,545).
- The agency's general fund appropriation was \$2,505,100, with reversions of \$179,220 and miscellaneous revenue of \$634, with total general revenue of \$2,326,514.
- The agency had budgetary authority for balances remaining in one special appropriation, which was recognized as cash in FY 2009. 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, \$114,700 was expended in fiscal years 2009 and 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 re-budgeted in FY 2011. The total amount expended as of June 30, 2011 was \$35,211. The remaining balance of \$88.69 was reverted.
- A total of \$38,600 in federal funds was included in the total operating fund budget as originally approved. In period four, an additional \$29,200 was budgeted through a budget adjustment request. This amount increased the overall FY11 budgeted total in federal dollars to \$67,800. Of that amount, \$66,370 was received.
- The agency also was allocated up to \$41,800 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. The agency only expended, and was reimbursed for \$15,510. The remainder of the allocated amount was not re-budgeted.
- 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 2011.

In FY 2011 reconciliations of deposits and other transactions were done from hard-copy documents and checking, where possible, against SHARE reports. Receivables were tracked through an Access database.

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 certain goods and services and deposited in the agency's statutory internal service/revolving fund. What is still perhaps the most significant change in proprietary fund revenues began in August of 2001 (FY 2002) and resulted from assuming the responsibility for publishing the *New Mexico Register* in-house. The 2002



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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. By FY 2006, publishing fees had become 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 2011, the money collected from publishing fees continued to represent a major component of proprietary fund revenues and were once again the most productive revenue source. 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. In August of 2001, the agency began publishing both the *New Mexico Register* and the *NMAC* in-house. An amendment to the agency's fee schedule was adopted in June 2009; 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 2011 at June 30 were \$134,865, \$10,265 above budgeted revenue. The agency had budgetary authority to expend \$124,600 in new revenue and up to \$62,400 in cash balance. It expended \$157,531. Depreciation expense of \$12,019 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.

In FY 2011, the agency realized greater-than-anticipated revenues in the proprietary fund. 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 2010, bringing in some \$2,400 less. Accordingly, the agency monitors revenues and expenditures closely throughout the year and, if necessary, restricts purchases until revenues are assured.

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 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 2011.

**Organizational**

In FY 2011, the agency had 42 authorized, full-time equivalent (FTEs) positions, the same as in FY 2010. 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.

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The management team includes the State Records Administrator; the Deputy State Records Administrator, who also serves as the Administrative Services Division Director and CFO; and 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 2011, 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 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, 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.

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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 5 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, 2011; total net assets (government wide) were \$372,012, which is comprised of \$285,673 invested in capital assets, \$5,018 restricted (gift and donations fund) and \$81,321 unrestricted. This amount differs from the \$7,090 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 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.

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The amount of \$2,445,316 shown as "total expenditures for governmental funds" on Exhibit D varies from the "total expenses" amount for governmental funds of \$2,628,818 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:**

	<u>Governmental Activities</u>		
	<u>FY 2011</u>	<u>FY 2010</u>	<u>Change</u>
Current and other assets	\$ 464,565	\$ 547,682	\$ (83,117)
Capital assets, net	285,673	319,195	(33,522)
<b>Total assets</b>	<u>750,238</u>	<u>866,877</u>	<u>(116,639)</u>
Current liabilities	347,431	378,103	(30,672)
Long-term liabilities	30,795	32,270	(1,475)
<b>Total liabilities</b>	<u>378,226</u>	<u>410,373</u>	<u>(32,147)</u>
<b>Net assets:</b>			
Invested in capital assets	285,673	319,195	(33,522)
Restricted	5,018	4,995	23
Unrestricted (deficit)	81,321	132,314	(50,993)
<b>Total net assets</b>	<u>\$ 372,012</u>	<u>\$ 456,504</u>	<u>\$ (84,492)</u>

**Changes in the Commission's Net Assets:**

	<u>FY 2011</u>	<u>FY 2010</u>	<u>Change</u>
<b>Program revenues:</b>			
Charges for services	\$ 134,865	\$ 137,265	\$ (2,400)
Operating grants and contributions	82,680	50,936	31,744
<b>General revenues:</b>			
State general fund appropriations, net of reversions	2,325,880	2,713,493	(387,613)
Miscellaneous	634	-	634
<b>Total revenues</b>	<u>2,544,059</u>	<u>2,901,694</u>	<u>(357,635)</u>
<b>Expenses:</b>			
General government	2,628,818	2,938,168	(309,350)
<b>Changes in net assets</b>	<u>(84,759)</u>	<u>(36,474)</u>	<u>(48,285)</u>
Beginning net assets, as reported	456,504	492,978	(36,474)
Restatement of net assets	267	-	267
Beginning net assets, as restated	<u>456,771</u>	<u>492,978</u>	<u>(36,207)</u>
<b>Ending net assets</b>	<u>\$ 372,012</u>	<u>\$ 456,504</u>	<u>\$ (84,492)</u>

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**Fund Balance**

At the close of the fiscal year, total fund balances for governmental funds equaled \$7,090.

**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 2011, internal (within program) BARs were used to move money among categories in both the operating (general fund) and proprietary budgets. The operating fund realized a net increase in budgetary authority of \$71,000. A BAR was processed to budget \$41,800 in other state grants for the multi-state PeDALS project, a federally funded project administered by the State of Arizona. A second BAR was processed to budget \$29,200 in federal grants. The proprietary fund realized a net decrease of \$20,000 and a BAR was submitted to reflect this change.

**Capital Assets and Debt Administration**

The Commission's investment in capital assets totaled \$285,673, net of accumulated depreciation, as of June 30, 2011. This investment is primarily in information technology and other equipment. Depreciation expense for FY 2011 was \$72,919 for governmental activities.

At the end of FY 2011 the Commission had no bonded debt outstanding. Long-term compensated absences payable totaled \$30,795.

**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 appropriation for FY 2011, as originally authorized, was \$2,589,200; no additional money for employee compensation was appropriated. The general fund appropriation was \$379,200 less than the FY 2010 amount as reduced by Laws 2010, Chapter 6, Section 14 (that provision reduced the FY 2010 appropriation by a total of \$84,100, effected through reductions in the September through June monthly general fund allotments).

The agency did not receive any new special appropriations for FY 2011. However, as noted above, one previously authorized multi-year special appropriation was continued into FY 2011, which funded a centralized electronic records repository, and the remaining balance of \$35,300 was re-budgeted in FY 2011. Of the \$35,300 budgeted, \$35,211.31 was expended and the remaining \$88.69 was reverted.

Thirty-eight thousand six hundred dollars in federal funds was included in the FY 2011 operating budget. A BAR in the amount of \$29,200 was processed to increase budget authority. Sixty-six thousand three hundred seventy dollars was received. For the internal service fund, based on revenue projections for FY 2011, \$124,600 was budgeted; the use of another \$62,400 from prior-year fund balances was also authorized. The agency realized \$134,865 in new revenue and expended \$157,531.

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The agency had faced budgetary challenges in prior years as appropriations, especially in the "Other" budget category, failed to keep pace with need. Budget reductions in FY 2010 continued in FY2011. The vacancy rate for FY 2011 remained high with only three vacant positions being filled. On July 1, 2010 the agency had 6 vacant positions. This number increased to nine vacancies as of June 30, 2011.

**FY 2012 and FY 2013**

Budget reductions continue for FY 2012. Such severe reductions have forced the agency to move all but its fixed costs to its internal service fund. Fortunately, this move has allowed the agency to continue to cover the majority of its operating expenses. However, this is only a short-term solution. The revenue generated in the agency's internal service fund continues to decline. This means that the fund balance total for the fund is also shrinking and will not be able to cover some expenses in FY 2013. If state revenue projections rebound to what they were in the recent past, the agency will then shift most of its expenses back to the general fund.

The agency continues to carry a high vacancy rate in FY 2012 due to continued budget restrictions. As of December 2012, the agency filled two vacant positions. However, two employees are considering retirement before the end of the fiscal year. This continues to be a hardship on many of the agency's employees since staff members are asked to help cover the duties of vacant positions. In addition, the lack of adequate staffing has negatively impacted the agency's performance measures. One of those performance measures is directly related to the updating of record retention and disposition schedules for state government agencies. The bureau responsible for updating these schedules has the highest vacancy rate of the agency. Due to prior budget reductions, the budget submitted for the FY 2013 appropriation requested an additional 18% to provide sufficient funds to fill the agencies vacant positions at the recommended typical mid-point salary range.

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 2013 if State match for the federal funds is not available

**Request for Information**

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

New Mexico Commission of Public Records  
State Records Center 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, 2011**

<b>ASSETS</b>	<u><b>Governmental Activities</b></u>
Investment in the State Treasurer General Fund Investment Pool	\$ 361,972
Petty cash	200
Receivables (net)	21,113
Inventories	16,267
Due from other state agencies	6,606
Due from federal government	57,185
Prepaid postage	1,222
Capital assets (net of accumulated depreciation) (note 5)	<u>285,673</u>
Total assets	<u>750,238</u>
 <b>LIABILITIES</b>	
Accounts payable	10,899
Accrued payroll payable	56,991
Payroll taxes payable	5,884
Payroll benefits payable	10,980
Due to other state agencies	8,073
Due to State General Fund (note 6)	179,052
Compensated absences payable (note 7)	
Due within one year	75,552
Due after one year	<u>30,795</u>
Total liabilities	<u>378,226</u>
 <b>NET ASSETS</b>	
Invested in capital assets	285,673
Restricted-Gift Fund	5,018
Unrestricted (deficit)	<u>81,321</u>
Total net assets	<u>\$ 372,012</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, 2011**

	<u>Governmental Activities</u>
<b>Expenses:</b>	
General government:	
Personal services and employee benefits	\$ 2,158,666
Contractual services	94,915
Other costs	302,318
Depreciation	<u>72,919</u>
Total expenses	<u>2,628,818</u>
<b>Program revenues:</b>	
Charges for services	134,865
Operating grants and contributions	<u>82,680</u>
Program revenue	<u>217,545</u>
Net program (expenses)	<u>(2,411,273)</u>
<b>General revenues:</b>	
Transfers:	
State general fund appropriations	2,505,100
Reversion to state general fund (FY 2011) (note 6)	(179,220)
Miscellaneous revenue	<u>634</u>
Total general revenues	<u>2,326,514</u>
Increase (decrease) in net assets	<u>(84,759)</u>
Net assets, beginning (as reported)	456,504
Restatements:	
Prior-period adjustment (note 16)	<u>267</u>
Net assets, beginning (as restated)	<u>456,771</u>
Net assets, ending	<u>\$ 372,012</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, 2011**

	<b>General Fund (Fund 17900) (Major)</b>	<b>Non-Major Funds (Statement 1)</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Investment in the State Treasurer General Fund Investment Pool	\$ 210,908	\$ 5,818	\$ 216,726
Petty cash	50	-	50
Receivable from federal government	57,185	-	57,185
Pre-paid postage	1,222	-	1,222
Total assets	\$ 269,365	\$ 5,818	\$ 275,183
<b>LIABILITIES</b>			
Accounts payable	\$ 8,991	\$ -	\$ 8,991
Accrued payroll payable	55,512	-	55,512
Payroll taxes payable	5,726	-	5,726
Payroll benefits payable	10,739	-	10,739
Due to other state agencies (note 14)	8,073	-	8,073
Due to State General Fund (note 6)	179,052	-	179,052
Total liabilities	268,093	-	268,093
<b>FUND BALANCES</b>			
Fund balances:			
Committed for:			
Prepaid expenses	1,222	-	1,222
Petty cash expenses	50	-	50
Unassigned	-	5,818	5,818
Total fund balances	1,272	5,818	7,090
Total liabilities and fund balance	\$ 269,365	\$ 5,818	\$ 275,183

**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	\$	7,090
Capital assets (includes Internal Service Fund of \$77,167)		285,673
Long-term liabilities are not due and payable (includes Internal Service Fund compensated absences of \$330)		(106,347)
Internal service fund recharacterized:		
Net assets	\$	262,433
Capital assets		(77,167)
Compensated absences		330
Net assets of governmental activities (Exhibit A)	\$	372,012

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, 2011**

	<b>General Fund (Fund 17900) (Major)</b>	<b>Non-Major Funds (Statement 2)</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Intergovernmental revenue - federal operating grants	\$ 66,370	\$ -	\$ 66,370
Other gifts and grants	15,509	800	16,309
Miscellaneous revenue	634	-	634
	<u>82,513</u>	<u>800</u>	<u>83,313</u>
<b>EXPENDITURES</b>			
Current:			
Personal services & employee benefits	2,110,970	-	2,110,970
Contractual services	93,940	-	93,940
Other costs	240,406	-	240,406
Capital outlay	-	-	-
	<u>2,445,316</u>	<u>-</u>	<u>2,445,316</u>
Excess (deficiency) of revenues over expenditures	<u>(2,362,803)</u>	<u>800</u>	<u>(2,362,003)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers:			
State General Fund appropriation	2,505,100	-	2,505,100
Reversion - FY11	(179,220)	-	(179,220)
	<u>2,325,880</u>	<u>-</u>	<u>2,325,880</u>
Net change in fund balance	<u>(36,923)</u>	<u>800</u>	<u>(36,123)</u>
Fund balance - beginning (as reported)	37,928	5,018	42,946
Restatements:			
Prior-period adjustment (note 16)	267	-	267
	<u>38,195</u>	<u>5,018</u>	<u>43,213</u>
Fund balance - ending	<u>\$ 1,272</u>	<u>\$ 5,818</u>	<u>\$ 7,090</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, 2011**

		<b>Total</b>
<b>Net Change in Fund Balance - Governmental Funds (exhibit D)</b>	\$	(36,123)
<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	\$	-
Depreciation (includes Internal Service Fund of \$12,019)		(72,919)
		(72,919)
<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 \$330)</p>		
		5,782
<p>Internal service fund net change in net assets recharacterized:</p>		
Change in net assets (exhibit H)	\$	6,501
Depreciation expense		12,019
Change in compensated absences		(19)
		18,501
<b>Changes in Net Assets of Governmental Activities (exhibit B)</b>	\$	<b>(84,759)</b>

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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Favorable</u>
	<u>Budget</u>	<u>Budget</u>	<u>Basis</u>	<u>(Unfavorable)</u>
<b>REVENUES:</b>				
Federal funds	\$ 38,600	\$ 67,748	\$ 66,370	\$ (1,378)
State General Fund	2,505,100	2,502,100	2,505,100	3,000
Other gifts and grants	-	41,800	15,509	(26,291)
Miscellaneous revenue	-	-	634	634
	<u>2,543,700</u>	<u>2,611,648</u>	<u>\$ 2,587,613</u>	<u>\$ (24,035)</u>
Total revenues				
Prior-year fund balance	<u>35,300</u>	<u>35,300</u>		
Total resources	<u>\$ 2,579,000</u>	<u>\$ 2,646,948</u>		
<b>EXPENDITURES:</b>				
Personal services/benefits	\$ 2,301,000	\$ 2,271,000	\$ 2,110,970	\$ 160,030
Contractual services	100,400	114,302	93,940	20,362
Other costs	<u>177,600</u>	<u>264,646</u>	<u>239,051</u>	<u>25,595</u>
Total expenditures	<u>\$ 2,579,000</u>	<u>\$ 2,649,948</u>	<u>\$ 2,443,961</u>	<u>\$ 205,987</u>

**Reconciliation of Budgetary Basis to GAAP Basis:**

	<u>Revenue</u>	<u>Expenditures</u>
Budget basis (Statements 3 through 5)	\$ 2,587,613	\$ 2,443,961
Adjustments:		
Adjustment to amount due from the federal government	-	-
Adjustment to prepaid postage and postage expense	-	<u>1,355</u>
GAAP basis (Exhibit D)	<u>\$ 2,587,613</u>	<u>\$ 2,445,316</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 2012 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, 2011**

	<b>Governmental Activities- Internal Service Fund (Fund 37100)</b>
<b>ASSETS</b>	
Current assets:	
Investment in the State Treasurer General Fund Investment Pool	\$ 145,246
Petty cash	150
Receivables	21,113
Inventories	16,267
Due from other state agencies	6,606
	189,382
Total current assets	
Noncurrent assets:	
Capital assets:	
Furniture and equipment (note 5)	327,890
Less accumulated depreciation (note 5)	(250,723)
	77,167
Capital assets, net	
	77,167
Total noncurrent assets	77,167
Total assets	266,549
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,908
Accrued payroll payable	1,479
Payroll taxes payable	158
Payroll benefits payable	241
Due to other funds (note 15)	-
Compensated absences payable	330
	4,116
Total current liabilities	4,116
<b>NET ASSETS</b>	
Invested in capital assets	77,167
Unrestricted (deficit)	185,266
	262,433
Total net assets	\$ 262,433

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, 2011

	<b>Governmental            Activities-            Internal Service            Fund            (Fund 37100)</b>
<b>Operating revenues:</b>	
Charges for services	\$ <u>134,865</u>
<b>Operating expenses:</b>	
Current:	
Personal services/benefits	53,458
Contractual services	975
Other costs	61,912
Depreciation expense	<u>12,019</u>
Total operating expenses	<u>128,364</u>
Changes in net assets	6,501
<b>Total net assets, beginning of year</b>	<u>255,932</u>
<b>Total net assets, end of year</b>	<u>\$ <u>262,433</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, 2011

	<u>Governmental Activities- Internal Service Fund (Fund 37100)</u>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 133,266
Payments to employees and suppliers	<u>(120,012)</u>
Net cash provided (used) by operating activities	13,254
<b>Cash flows from capital financing activities:</b>	
Additions to equipment	<u>(39,397)</u>
Net increase (decrease) in cash and cash equivalents	(26,143)
Cash and cash equivalents, beginning of year	<u>171,389</u>
Cash and cash equivalents, end of year	<u>\$ 145,246</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ 6,501
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	12,019
Change in assets (increase) decrease:	
Receivables	
Inventories	(1,600)
Change in liabilities (decrease) increase:	(1,770)
Accounts and other payables	<u>(1,896)</u>
Net cash provided (used) by operating activities	<u>\$ 13,254</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, 2011**

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, 2011**

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, 2011

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, 2011**

**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, 2011**

**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, 2011

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

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

***Fund Financial Statements***

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition, was implemented by the Commission for the year ending June 30, 2011. Statement No. 54 replaces the old fund balance terminology ("reserved", "unreserved", "designated", and "undesignated") with new financial reporting categories for fund balances of governmental funds.

Governmental fund balances are now divided into five classifications based on the extent to which government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent.

**Non-spendable** includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

The spendable fund categories can be depicted as follows:

**Restricted** are amounts that are so due to enabling legislation, constitutional provisions, externally imposed by grantors, contributors, laws or regulations of other governments, or by creditors, such as through debt covenants.

**Committed** are amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and removal of the constraint would require a formal action by the same authority.

**Assigned** consists of amounts that are intended to be used for a specific purpose established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the general fund, assigned fund balance represents the residual amount in the fund balance.

**Unassigned** represents the residual amount after all classifications have been considered for the government's general fund, and could report a surplus or a deficit.

***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:

**STATE OF NEW MEXICO  
COMMISSION OF PUBLIC RECORDS  
Notes to the Financial Statements  
June 30, 2011**

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

**D. Budgetary Data (Cont'd)**

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 6, Laws of 2010, Section 3, Paragraph M, 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 2011 budget. At June 30, 2011, 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.

**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.

**STATE OF NEW MEXICO  
COMMISSION OF PUBLIC RECORDS  
Notes to the Financial Statements  
June 30, 2011**

**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, 2011, 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	\$ 210,908	\$ -	\$ 210,908	\$ 50
Capital Projects Fund	65800	-	-	-	-
Special Revenue Fund	75800	5,818	-	5,818	-
Internal Service Fund	37100	<u>145,247</u>	<u>-</u>	<u>145,247</u>	<u>150</u>
		<u>\$ 361,973</u>	<u>\$ -</u>	<u>\$ 361,973</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, 2011, could not be measured.

**3. Accounts Receivable**

Accounts receivable in the Internal Service Fund at June 30, 2011, consisted of sales of boxes and other services. The total receivables at year end amounted to \$21,113 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.



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**5. Capital Assets**

Capital assets at year end reflect the following changes:

<b>Governmental Activities:</b>	<b>Balance 06/30/10</b>	<b>Adjustments to 6/30/2010 Balance</b>	<b>Adjusted Balance 06/30/10</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 06/30/11</b>
<u>Cost</u>						
Library and museum acquisitions	\$ 23,299	\$ -	\$ 23,299	\$ -	\$ -	\$ 23,299
Machinery and equipment	1,209,354	-	1,209,354	39,397	-	1,248,751
Land improvements	1,289	-	1,289	-	-	1,289
	<u>1,233,942</u>	<u>-</u>	<u>1,233,942</u>	<u>39,397</u>	<u>-</u>	<u>1,273,339</u>
<u>Accumulated Depreciation</u>						
Library and museum acquisitions	(1,591)	-	(1,591)	(235)	-	(1,826)
Machinery and equipment	(912,486)	-	(912,486)	(72,619)	-	(985,105)
Land improvements	(670)	-	(670)	(65)	-	(735)
	<u>(914,747)</u>	<u>-</u>	<u>(914,747)</u>	<u>(72,919)</u>	<u>-</u>	<u>(987,666)</u>
Net	<u>\$ 319,195</u>	<u>\$ -</u>	<u>\$ 319,195</u>	<u>\$ (33,522)</u>	<u>\$ -</u>	<u>\$ 285,673</u>

Depreciation expense for the year ended June 30, 2011, was \$72,919 for the Governmental Activities. There is no debt related to capital assets.

<b>Internal Service Fund</b>	<b>Balance 06/30/10</b>	<b>Adjustments to 6/30/2010 Balance</b>	<b>Adjusted Balance 06/30/10</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 06/30/11</b>
<u>Cost</u>						
Machinery and equipment	\$ 288,493	\$ -	\$ 288,493	\$ 39,397	\$ -	\$ 327,890
<u>Accumulated Depreciation</u>						
Machinery and equipment	(238,704)	-	(238,704)	(12,019)	-	(250,723)
	<u>\$ 49,789</u>	<u>\$ -</u>	<u>\$ 49,789</u>	<u>\$ 27,378</u>	<u>\$ -</u>	<u>\$ 77,167</u>

Depreciation expense for the year ended June 30, 2011, was \$12,019 for the Internal Service Fund. There is no debt related to capital assets.

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June 30, 2011**

**6. Due to State General Fund**

Cash Balance, June 30, 2011	\$	210,908
Add: Due from federal government, NHPRC, 6/30/2011		57,185
Amount available (all state cash)		268,093
Less: Due to other state agencies (DFA), 6/30/2011		(8,073)
Accounts payable at 6/30/2011		(8,991)
Accrued payroll payable, 6/30/2011		(55,512)
Payroll taxes payable, 6/30/2011		(5,726)
Payroll benefits payable, 6/30/2011		(10,739)
Due to State General Fund, June 30, 2011	\$	179,052
Reversions by Fiscal Year Appropriation:		
FY 2008 (Laws 2008 - Special Appropriation)	\$	89
FY 2011 (Laws 2010 - General Appropriations)		178,329
Miscellaneous revenue		634
	\$	179,052

The reversion to the State General Fund for FY2011 was \$179,220. The Commission reverted \$168 in excess of the amount due at June 30, 2010. As a result, the amount due to the State General Fund at June 30, 2011 is \$179,052.

**7. Long-Term Liabilities**

The following is a summary of changes in compensated absences at June 30, 2011.

	Balance 06/30/2010	Increase	(Decrease)	Balance 06/30/2011
<b><u>Governmental Activities:</u></b>				
Current	\$ 79,859	\$ 71,308	\$ (75,615)	\$ 75,552
Long-Term	32,270	32,782	(34,257)	30,795
Total	\$ 112,129	\$ 104,090	\$ (109,872)	\$ 106,347

General Fund revenues are used to liquidate compensated absences.

**8. Net Assets/Fund Equity/Fund Balances**

The net assets reported in the Statement of Net Assets for governmental activities on Exhibit A (\$372,012) differs from the total fund balances of the Commission's governmental funds (\$7,090) 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 (\$2,445,316) on Exhibit D differs from total expenses for governmental activities (\$2,628,818) 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:

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**8. Net Assets/Fund Equity/Fund Balances (Cont'd)**

Total operating expense (Exhibit H)	\$ 128,364
Total expenditures (Exhibit D)	2,445,316
Net depreciation expense less capital outlay additions	60,900
Adjustment for compensated absences	(5,763)
Rounding	<u>1</u>
Total expenses (Exhibit B)	<u>\$2,628,818</u>

**9. Inter-Agency Transfers**

Following is a schedule of inter-agency transfers:

<u>Transferring Agency</u>	<u>Agency No.</u>	<u>From Fund No.</u>	<u>To Fund No.</u>	<u>Transfer Amount</u>	<u>Purpose of Transfer</u>
DFA	34100	85300	17900	\$ 2,505,100	Appropriation allotment - State General Fund
Commission of Public Records	36900	17900	85300	(170,975)	FY 2010 & prior-Reversions to State General Fund
Commission of Public Records	36900	17900	85300	(520)	FY 2011 Reversion to State General Fund-state dated warrants
General Services Dept	35000	19704	17900	<u>624</u>	EAP Refunds-FY08, FY09, FY10
				<u>\$ 2,334,229</u>	

**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:

2012	\$ 80,716
2013	83,684
2014	86,651
2015	<u>89,618</u>
Total	<u>\$340,669</u>

Rent expense for the current year was \$80,716.

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June 30, 2011

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](http://www.pera.state.nm.us).

**Funding Policy.** Plan members are required to contribute 8.92% (ranges from 4.00% to 16.65% depending upon the plan, i.e., state general, state hazardous duty, state police and adult correctional officers, municipal 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, 2011, 2010, and 2009 were \$234,427, \$252,913, and \$297,077, 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.

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

**STATE OF NEW MEXICO  
COMMISSION OF PUBLIC RECORDS  
Notes to the Financial Statements  
June 30, 2011**

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

premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, 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, 2012 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:

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

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.

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, 2011, 2010, and 2009, were \$25,721, \$21,718, and \$23,279, 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 2011 was \$100.

**STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2011**

**13. Risk Management (Cont'd)**

The Commission paid the following insurance for FY 2011 to the State of New Mexico, General Services Department:

Workman's Compensation Insurance	\$2,644
Employee Liability Insurance	3,208
Property Insurance (Includes Fine Arts Insurance)	<u>1,436</u>
	<u>\$7,288</u>

**14. Due To/Due From Other State Agencies**

	<u>Purpose</u>	<u>Due From</u>	<u>Due To</u>
<b><u>Fund 17900-General Fund</u></b>			
Due to Department of Finance and Administration	Payroll tax and payroll benefits liability errors-SHARE	-	\$8,073
 <b><u>Fund 37100 - Internal Service Fund</u></b>			
Due from Department of Finance and Administration	Payroll tax and payroll benefits liability errors-SHARE	\$6,606	-

**15. 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 06/30/10</u>	<u>Expended During FYE 6/30/11</u>	<u>Unexpended Balance 6/30/11</u>	<u>Date Appropriation Lapses</u>
1	Laws 2008	\$ 150,000	\$ (114,700)	\$ (35,211)	\$ 89	06/30/2012
		<u>\$ 150,000</u>	<u>\$ (114,700)</u>	<u>\$ (35,211)</u>	<u>\$ 89</u>	

**Legend**

1. Centralized Repository Systems (Statement 4)

**16. Prior-Period Adjustment**

Grants receivable totaling \$267 for Pedals Project Grant through the State of Arizona was not recorded at June 30, 2010.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**COMMISSION OF PUBLIC RECORDS**  
**Combining Balance Sheet - Non-Major Funds**  
**Governmental Funds**  
**June 30, 2011**

	<b>Capital Projects (Fund 65800) (Non-Major)</b>	<b>Special Revenue (Fund 75800) (Non-Major)</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>			
Investment in the State Treasurer General Fund			
Investment Pool	\$ -	\$ 5,818	\$ 5,818
Total assets	\$ -	\$ 5,818	\$ 5,818
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ -	\$ -
Total liabilities	-	-	-
<b>FUND BALANCES</b>			
Fund balances:			
Unassigned	-	5,818	5,818
Total fund balances	-	5,818	5,818
Total liabilities and fund balance	\$ -	\$ 5,818	\$ 5,818

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, 2011**

	Capital Projects (Fund 65800) (Non-Major)	Special Revenue (Fund 75800) (Non-Major)	Total Non-Major Governmental Funds
<b>REVENUES</b>			
Other gifts and grants	\$ -	\$ 800	\$ 800
Total revenues	<u>-</u>	<u>800</u>	<u>800</u>
<b>EXPENDITURES</b>			
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	-	800	800
Fund balance - beginning	<u>-</u>	<u>5,018</u>	<u>5,018</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 5,818</u>	<u>\$ 5,818</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>				
Federal funds	\$ 38,600	\$ 67,748	\$ 66,370	\$ (1,378)
State General Fund	2,505,100	2,505,100	2,505,100	-
Other gifts and grants	-	41,800	15,509	(26,291)
Miscellaneous revenue	-	-	634	634
	<u>2,543,700</u>	<u>2,614,648</u>	<u>\$ 2,587,613</u>	<u>\$ (27,035)</u>
Total revenues				
Prior-year fund balance	-	-		
Total resources	<u>\$ 2,543,700</u>	<u>\$ 2,614,648</u>		
<b>EXPENDITURES:</b>				
Personal services/benefits	\$ 2,301,000	\$ 2,271,000	\$ 2,110,970	\$ 160,030
Contractual services	65,100	79,002	63,575	15,427
Other costs	177,600	264,646	234,205	30,441
	<u>2,543,700</u>	<u>2,614,648</u>	<u>\$ 2,408,750</u>	<u>\$ 205,898</u>
Total expenditures				

**Reconciliation of Budgetary Basis to GAAP Basis:**

	<u>Revenue</u>	<u>Expenditures</u>
Budget basis	\$ 2,587,613	\$ 2,408,750
Adjustments:		
Adjustment to amount due from the federal government	-	-
Adjustment for reimbursement of a prior-year expense	-	-
Adjustment to prepaid postage and postage expense	-	1,355
GAAP basis	<u>\$ 2,587,613</u>	<u>\$ 2,410,105</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 2012 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, 2011**

	<u>Budgeted Amounts</u>		<u>P/Y Actual</u>	<u>C/Y Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Budgetary</u>	<u>Favorable</u>
	<u>Budget</u>	<u>Budget</u>	<u>Basis</u>	<u>Basis</u>	<u>(Unfavorable)</u>
<b>REVENUES:</b>					
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>			
<b>EXPENDITURES:</b>					
Personal services/benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	150,000	150,000	114,700	30,365	4,935
Other costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,846</u>	<u>(4,846)</u>
Total expenditures	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 114,700</u>	<u>\$ 35,211</u>	<u>\$ 89</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>				<u>Revenues</u>	<u>Expenditures</u>
Budget basis			\$ -	\$ 35,211	
Adjustments:					
None			<u>-</u>	<u>-</u>	
GAAP basis			<u>\$ -</u>	<u>\$ 35,211</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 2012 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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>				
Charges for services	\$ 144,600	\$ 124,600	\$ 134,865	\$ 10,265
Total revenues	144,600	124,600	<u>\$ 134,865</u>	<u>\$ 10,265</u>
Prior-year fund balance	<u>62,400</u>	<u>62,400</u>		
Total resources	<u>\$ 207,000</u>	<u>\$ 187,000</u>		
<b>EXPENDITURES:</b>				
Personal services/benefits	\$ 62,500	\$ 54,500	\$ 53,477	\$ 1,023
Contractual services	10,000	2,000	975	1,025
Other costs	<u>134,500</u>	<u>130,500</u>	<u>103,079</u>	<u>27,421</u>
Total expenditures	<u>\$ 207,000</u>	<u>\$ 187,000</u>	<u>\$ 157,531</u>	<u>\$ 29,469</u>

**Reconciliation of Budgetary Basis to GAAP Basis:**

	<u>Revenue</u>	<u>Expenditures</u>
Budget Basis	\$ 134,865	\$ 157,531
Adjustments:		
Decrease in compensated absences payable	-	(19)
Decrease in inventories	-	(1,770)
Capital outlay expenditures - capitalized	-	(39,397)
Depreciation expense	<u>-</u>	<u>12,019</u>
GAAP basis	<u>\$ 134,865</u>	<u>\$ 128,364</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 2012 budget.

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

STATE OF NEW MEXICO  
COMMISSION OF PUBLIC RECORDS  
Schedule of Joint Powers Agreement  
June 30, 2011

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.

## OTHER REPORTS

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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, 2011, and have issued our report thereon dated November 11, 2011. 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, 2011. 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 11, 2011



**STATE OF NEW MEXICO  
COMMISSION OF PUBLIC RECORDS  
Schedule of Findings and Responses  
June 30, 2011**

**I. PRIOR-YEAR AUDIT FINDINGS**

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

**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, 2011**

**Preparation of Financial Statements**

The audited financial statements were prepared by the Commission's staff with the assistance of the independent certified public accountant performing the audit. 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 6, 2011, 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  
John H. Martinez, State Records Administrator  
Linda Trujillo, Deputy State Records Administrator/CFO  
Ruben Rivera, Fiscal Officer

**Audit Firm - Robert J. Rivera, CPA, PC**

Robert J. Rivera, CPA