

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

**FINANCIAL STATEMENTS AND SCHEDULES
WITH INDEPENDENT AUDITORS' REPORT THEREON
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

OFFICIAL ROSTER

JUNE 30, 2013

Dr. Stanley M. Hordes, Ph.D. - Historian Chairman
Edwynn Burkle – Secretary, New Mexico General Services Department..... Member
Robert Mead – New Mexico State Law Librarian..... Secretary
Honorable Hector 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

John Hyrum Martinez State Records Administrator
Linda M. Trujillo Deputy Administrator/Chief Financial Officer
Ruben Rivera Fiscal Officer
Scott Sheldon..... Procurement Officer

Kubiak & Melton, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

And

Dr. Stanley M. Hordes, Chairman
Commission of Public Records
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Commission of Public Records (Commission), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Commission's basic financial statements as listed in the table of contents. We also audited the financial statements of each of the Commission's nonmajor governmental funds and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness on the Commission's internal

control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregated remaining fund information of the Commission, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Commission as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information:

Accounting principles generally accepted in the United States of America required that the management's discussion and analysis on page 4 to page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information:

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements and the budgetary comparisons. The other schedules required by 2.2.2. NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements of to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, these other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2013 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provision 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 in considering the Commission's internal control over financial reporting and compliance.

Kubiak & Melton, LLC

Kubiak & Melton, LLC
Albuquerque, New Mexico
December 10, 2013

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2013**

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's Discussion and Analysis* focuses on Fiscal Year (FY) 2013 activities and should be read in conjunction with the financial statements and notes that accompany it.

HIGHLIGHTS

Financial:

- The Commission's ending total net position in FY 2013 was \$76,477 (assets minus liabilities).
- Net program expenses were \$2,242,454 (total expenses of \$2,498,505 less revenues of \$256,051).
- The Commission's general fund appropriation was \$2,544,000, and the special appropriation was \$75,000 with reversions of \$324,897, for total general revenue of \$2,294,103.
- Phase II of the centralized electronic records repository was authorized in the General Appropriations Act of 2012 at an amount of \$450,000. Of the original appropriation, \$75,000 was released by the Project Certification Committee (PCC) in September, 2012, and \$42,229 was expended in fiscal year 2013. The appropriation is scheduled to expire at the end of FY 2014.
- A total of \$50,000 of federal funds was included in the total operating fund budget as originally approved. The budget was increased by \$6,570 as the result of the Commission being awarded another federal grant.
- The Commission has three on-going funds and fund types: a general operating fund; a proprietary (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 Commission received no capital outlay funds in FY 2013.

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COMMISSION OF PUBLIC RECORDS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2013**

In FY 2013, reconciliations of deposits and other transactions were done for hard-copy documents and checking, where possible, against SHARE reports. Receivables were tracked through an Access database.

The Commission relies heavily on its general fund appropriation to support operations. It receives limited federal funding. The other significant source of revenue is money collected from the sale of certain goods and services, which is deposited in the Commission's statutory internal service fund. What is still perhaps the most significant change in proprietary fund revenues resulted from the publication of the New Mexico Register. In 2002, the 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 into the internal service fund. By FY 2006, the money collected from publishing fees had become the primary source of non-appropriation revenue, surpassing the fees collected from the sale of archival and records storage boxes and supplies. In FY 2013, the publishing revenue continued to represent the major component of proprietary fund revenues. 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 that are charged to agencies for publishing notices in the New Mexico Register were, prior to August, 2001, paid directly to a third-party publisher. In August of 2001, the Commission began publishing both the New Mexico Register and the NMAC in-house. An amendment to the Commission'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 collected during FY 2013 totaled \$211,574. The Commission had budgetary authority to expend \$126,200 in new revenue and up to \$92,200 in fund balance. A total of \$183,984 was expended. Depreciation expense of \$14,894 is not included because it is not a cash outlay. Some revenue sources have, over the past several years, been affected adversely by services which are now provided online.

In FY 2013, the Commission realized greater-than-anticipated revenues in the proprietary fund. Fees generated from the publication of the New Mexico Register can be difficult to project; such revenues are dependent on the extent of rule-making by state agencies. This, in turn, depends on changes in law and internal business processes, which are factors beyond the control of the Commission. This year box sales were the most productive revenue source, with a total of \$139,481 worth of boxes being sold. Accordingly, the Commission monitors revenues and expenses throughout the year and, if necessary, restricts purchases until revenues are assured.

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(Required Supplementary Information)
JUNE 30, 2013**

In August of 2003, DFA promulgated Rule 2.20.5 NMAC, Responsibility for Accounting Function. The rule was intended to establish responsibility for the accounting function in all state agencies and require the administrative head of each agency ensure that model accounting practices established by the Financial Control Division of DFA be followed. The effect of this rule was to limit the pre-audit function of DFA and place the responsibility for compliance on state agencies. The rule permitted an agency head to assign the responsibilities specifically outlined in the rule to a designated employee, who would be the agency's Chief Financial Officer. This designation is made annually.

Organizational

In FY 2013, the Commission had 42 authorized, full-time equivalent (FTE) positions. The positions are located in two facilities – one at the State-owned Library, Archives and Records Center in Santa Fe, and other in a leased facility in Albuquerque. The FTEs consisted of 40 permanent and 2 term positions; all but one FTE was supported through the general fund appropriation. The remaining position was paid for through the proprietary fund.

The management team includes the State Records Administrator, the Deputy State Records Administrator and CFO, and the Directors of the Archives and Historical Services, Administrative Law, Records Management, Office of the State Historian and the Information Technologies Divisions.

For purposes of the Accountability in Government Act, the Commission continues under a single program: records, information and archival management. Appropriations are made at the agency, or single-program level. The Commission has also identified four sub-programs: Administration, Administrative Law, Archive and Historical Services and New Mexico History. The Commission is organized into six divisions: Administrative Services, Administrative Law, Archives and Historical Services, Records Management, Office of the State Historian and Information Technology Management. In addition to this divisional structure, the New Mexico Historical Records Advisory Board, created through federal authorization and gubernatorial action, is adjunct to the Commission. In FY 2013, as in previous year, 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 Commission (government-wide) and the major individual funds. Although the Commission is but one of many agencies within New Mexico state government, it is the primary focus of this financial report.

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COMMISSION OF PUBLIC RECORDS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2013**

Management's Discussion and Analysis

The Purpose of the M D & A is to provide an objective and understandable analysis of the Commission's financial activities based on currently knowledge, fact, decisions and conditions.

Government-wide Financial Statements

The statements of net position and activities depict information about the Commission as an entity, without displaying individual fund or fund types. Essentially, these statements differentiate among 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 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 revenue 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 comprise a series of statements that center on information about the major governmental funds and re prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

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

The Commission 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.

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(Required Supplementary Information)
JUNE 30, 2013**

Infrastructure Assets

Under GASB 34, infrastructure assets must be valued and reported within the governmental column of the statement of government-wide statements and governments must choose to either depreciate these assets over their estimated useful lives 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 on page 20. The agency's special revenue fund is a non-major fund that is not budgeted, except through the BAR process. These statements contain the year-end budget presentation for the general fund and the special revenue fund as required by DFA, as the internal service fund.

Statement of Net Position

Page 21 shows the statement of net position for the agency's proprietary fund.

FINANCIAL ANALYSIS OF THE COMMISSION AS A WHOLE

The following exhibit summarizes the Commission's net position for the fiscal year ended June 30, 2013; total net position (government-wide) was \$342,707 which is comprised of \$161,998, net investment in capital assets, \$83,055 restricted (gift and donation fund) and \$97,654 (unrestricted). This amount differs from the \$44,912 in "total fund balance" for the Commission's governmental funds on the balance sheet, primarily due to the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance statements and from the addition of the net position reported in the internal service fund on page 21. Comparative analysis with prior year is included for net position and changes in net position.

The amount of \$2,259,249 shown as "total expenditures for governmental funds" on page 18 varies from the "total expenses" amount for the governmental funds of \$2,299,297 reflected in the statement of activities on page 15. This difference results primarily from the current spending focus of the fund-type statements versus the long-term economic focus of the government-wide statements. The adjustment for the internal service fund "closes" those funds by charging additional amounts to the participating programs to cover internal service fund costs for the year.

**STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Required Supplementary Information)
 JUNE 30, 2013**

The Commission's net position for 2013 and 2012:

	<u>Governmental Activities</u>		
Assets:	<u>FY 2013</u>	<u>FY 2012</u>	<u>Change</u>
Current Assets	\$ 690,716	\$ 533,678	\$ 157,038
Capital Assets, Net	161,998	212,986	(50,988)
Total Assets	<u>852,714</u>	<u>746,664</u>	<u>106,050</u>
Liabilities:			
Current Liabilities	492,841	450,792	42,049
Non-Current Liabilities	17,166	4,815	12,351
Total Liabilities	<u>510,007</u>	<u>455,607</u>	<u>54,400</u>
Net Position:			
Net Investment in Capital Assets	161,998	212,986	(50,988)
Restricted	83,055	79,101	3,954
Unrestricted (Deficit)	91,732	(1,030)	92,762
Total Net Position	<u>\$ 336,785</u>	<u>\$ 291,057</u>	<u>\$ 45,728</u>

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Changes in the Commission's Net Position:

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Change</u>
Program Revenues:			
Charges for Services	\$ 72,067	\$ 118,928	\$ (46,861)
Intergovernmental Revenues	183,858	-	183,858
Operating Grants and Contributions	<u>126</u>	<u>41,339</u>	<u>(41,213)</u>
Total Program Revenues	256,051	160,267	95,784
General Revenues:			
State General Fund Appropriations, net of reversions	2,294,103	2,171,365	122,738
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total General Revenues	<u>2,294,103</u>	<u>2,171,365</u>	<u>122,738</u>
Total Revenues	<u>2,550,154</u>	<u>2,331,632</u>	<u>218,522</u>
Expenses:			
Program Expenses	<u>2,498,505</u>	<u>2,412,587</u>	<u>85,918</u>
Total Expenses	<u>2,498,505</u>	<u>2,412,587</u>	<u>85,918</u>
Change in Net Position	51,649	(80,955)	132,604
Beginning Net Position	<u>291,058</u>	<u>372,012</u>	<u>(80,954)</u>
Ending Net Position	<u>\$ 342,707</u>	<u>\$ 291,057</u>	<u>\$ 51,650</u>

Fund Balance

At the close of the fiscal year, the total net position for governmental and proprietary funds equaled \$342,707.

General Fund Budgetary Highlights

The Commission receives annual appropriations from the New Mexico State Legislature. Adjustments to the appropriated budget are made through BARs and must fall within parameters set by law and require approval by DFA State Budget Division, with review by the Legislative Finance Committee (LFC). 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 and decrease it when revenues fall short of projections. Money from the gift and donation fund is also budgeted through

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JUNE 30, 2013**

BARs. In FY 2013, four internal (within program area) BARs were used to move money among categories in the operating (general) fund and one in the proprietary (revolving) fund. The first BAR processed by the Commission increased federal fund spending authority in the 300 category by \$6,570. The second BAR transferred budget authority of \$350 in federal funds and \$5,062 in general funds from the 300 category (Contractual) to the 400 category (Other). The third BAR transferred budget authority of \$96,000 in general funds from the 200 category (Personal) to the 300 category (Contractual). The fourth BAR transferred \$60,000 in general funds from the 300 category (Contractual) to the 400 category (Other) and the final BAR transferred \$1,000 in proprietary funds from the 300 category (Contractual) to the 200 category (Personal).

Capital Assets and Debt Administration

The Commission's net investment in capital assets totaled \$161,998, net of accumulated depreciation, as of June 30, 2013. This investment is primarily in information technology and other equipment. Depreciation expense for FY 2013 was \$36,094 for governmental activities and \$14,894 for proprietary activities.

At the end of FY 2013 the Commission had no bonded debt outstanding. Long-term compensated absences payable totaled \$17,166.

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 2013, as originally authorized, was \$2,544,000; no additional money was appropriated. The General Fund Appropriation was \$138,700 more than the FY 2012 amount as increased by the Laws of 2012, Chapter 19, Section 4.

The Commission also received a special appropriation of \$450,000 under the Laws of 2012, Chapter 19, Section 7, to implement a Centralized Electronic Records Repository (CERR). This funding will be used to implement the next phase of the project.

Federal funds totaling \$50,000 were included in the FY 2013 operating budget. This funding was granted by the National Historic Publications and Records Committee (NHPRC), a branch of the National Archives and Records Administration for the preservation of Historical Records. In July, 2012, the Commission was also awarded a grant in the amount of \$6,570 by the National Film Preservation Foundation (NFPF), a non-profit organization created by the U.S. Congress to help save America's film heritage. The Commission requested and was granted additional spending authority by the Department of Finance and Administration. The combined total of federal funds authorized for FY 2013 was \$56,570. Both grants were reimbursement of authorized expenses, including re-grants issued to eight separate state agencies and non-profit

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2013**

repositories. The Commission spent and was reimbursed \$41,092 from the NHPRC. This was the final year of a two-year award. Funding from the NFPF grant was authorized from August, 2012 to August, 2013. Half of the funds, \$3,285, were received from the Commission and the other half of the funds are to be received after the project is complete and the final report is received by the NFPF. During FY 2013, the Commission spent \$5,421 of the \$6,570 awarded. The Commission will request re-authorization to spend the remaining \$1,149 during FY 2014.

For the internal service fund, based on revenue projections for FY 2013, \$126,200 was budgeted; the use of another \$92,200 from prior year fund balances was also authorized. The agency realized \$211,574 in new revenue and expended \$183,984.

The Commission had faced budgetary challenges in prior years as appropriations, especially in the "other" budget category, failed to keep pace with need. However, the FY 2013 budget increased in the "personal services" budget category. This authorized the Commission to fill vacant positions that had been previously unfunded. On July 1, 2012, the Commission had thirteen vacant positions. By June 30, 2013, the number of vacant positions was reduced to eight.

FY 2013 and FY 2014

Budget reductions in prior years had forced the Commission to delay upgrading IT hardware and software. The Commission websites had also aged significantly and were not providing the public with the functionality that is available with newer web designs. During the last half of FY 2013, the Commission requested BAR authority to move \$96,000 of vacancy savings, which resulted from delays in recruitment and hiring of vacant positions, into the 300 (contractual) and 400 (other) categories. This funding was then used to implement defined aspects of the IT Plan, including the purchase of hardware and software and contracting with two web development professionals to update the Commission website and the New Mexico History website.

As a result of an improving economy, the FY 2014 budget increased enough to support filling another three or four positions. This will reduce the Commission's vacancy rate to about 5% and increase public service levels back to pre-recession levels.

While state general funding has increased, the New Mexico Historical Advisory Board (NMHRAB) activities will decrease due to a significant decrease in federal funds. Federal funding was approved for FY 2014 and FY 2015, but the level is about half of prior years. This will impact the number and / or funding level NMHRAB can fund re-grants.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)
JUNE 30, 2013**

Request for Information

This financial report is designed to provide an overview of the Commission of Public Records' finances for all interested parties. 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, New Mexico 87507-5166
(505) 476-7902**

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities
ASSETS	
Current Assets	
Investment in State General Fund Investment Pool	\$ 613,824
Petty Cash	200
Receivables, Net	18,566
Inventory	16,578
Due From Other State Agencies	-
Due From Federal Government	41,092
Prepaid Expenses	456
Total Current Assets	690,716
Capital Assets, Net	161,998
Total Assets	\$ 852,714
 LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 61,101
Accrued Payroll	40,954
Other Liabilities	-
Due to Other State Agencies	-
Due to State General Fund	324,897
Accrued Compensated Absences (due within one year)	65,889
Total Current Liabilities	492,841
Noncurrent Liabilities	
Accrued Compensated Absences	17,166
Total Liabilities	510,007
 NET POSITION	
Net Investment Capital Assets	161,998
Restricted - Compensated Absences	83,055
Restricted - Special Revenue Funds	5,922
Unrestricted	91,732
Total Net Position	342,707
Total Liabilities and Net Position	\$ 852,714

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013**

	Governmental Activities
Program Expenses	
General Government:	
Personal Services and Employee Benefits	\$ 1,860,580
Contractual Services	117,545
Other Costs	464,608
Bond Premium	500
Depreciation Expense	50,988
Compensated Absences Expense	4,284
Total Program Expenses	2,498,505
Program Revenues	
Charge for Services	72,067
Intergovernmental Revenues	183,858
Operating Grants and Contributions	126
Total Program Revenues	256,051
Net Program Revenues (Expenses)	(2,242,454)
General Revenues and Transfers	
State General Fund Appropriations	2,544,000
Other Financial Sources	75,000
Reversion to State General Fund FY 2013	(324,897)
Total Revenues and Transfers	2,294,103
Change in Net Position	51,649
Net Position, Beginning	291,058
Net Position, Ending	\$ 342,707

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
BALANCE SHEET
JUNE 30, 2013**

	General Fund (17900)	Non-Major Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets			
Investment in State General Fund Investment Pool	\$ 423,117	\$ 5,922	\$ 429,039
Petty Cash	50	-	50
Accounts Receivable	-	-	-
Due From Federal Government	41,092	-	41,092
Prepaid Expenses	456	-	456
Total Assets	<u>\$ 464,715</u>	<u>\$ 5,922</u>	<u>\$ 470,637</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 60,912	\$ -	\$ 60,912
Accrued Liabilities	39,916	-	39,916
Due to Other State Agencies	-	-	-
Due to the State General Fund	324,897	-	324,897
Other Liabilities	-	-	-
Total Liabilities	<u>425,725</u>	<u>-</u>	<u>425,725</u>
 FUND BALANCES			
Restricted	-	5,922	5,922
Unassigned	38,990	-	38,990
Total Fund Balances	<u>38,990</u>	<u>5,922</u>	<u>44,912</u>
Total Liabilities and Fund Balances	<u>\$ 464,715</u>	<u>\$ 5,922</u>	<u>\$ 470,637</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Total Fund Balances for Governmental Funds \$ 44,912

Amounts reported for governmental activities in the statement of net position are different as follows:

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

Capital Assets, Net 114,620

Internal service fund is used by management to charge for resale of records, goods, services and publications. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position:

266,230

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Compensated Absences (83,055)

Net Position of Governmental Activities \$ 342,707

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>General Fund (17900)</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Intergovernmental Revenue	\$ 44,377	\$ -	\$ 44,377
Other Gifts and Grants	-	100	100
Miscellaneous Revenue	-	-	-
Total Revenues	<u>44,377</u>	<u>100</u>	<u>44,477</u>
EXPENDITURES			
Administrative Services:			
Personal Services & Benefits	1,807,109	-	1,807,109
Contract Services	117,545	-	117,545
Other Costs	334,095	-	334,095
Bond Premiums	500	-	500
Capital Outlay	-	-	-
Total Expenditures	<u>2,259,249</u>	<u>-</u>	<u>2,259,249</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,214,872)</u>	<u>100</u>	<u>(2,214,772)</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers In			
General Fund Appropriations	2,544,000	-	2,544,000
Other Financing Sources	75,000	-	75,000
Transfers Out			
Reversion to the State General Fund - FY 2013	<u>(324,897)</u>	<u>-</u>	<u>(324,897)</u>
Total Other Financing Sources and (Uses)	<u>2,294,103</u>	<u>-</u>	<u>2,294,103</u>
Net Change in Fund Balances	79,231	100	79,331
Fund Balances, Beginning	<u>(40,241)</u>	<u>5,822</u>	<u>(34,419)</u>
Fund Balances, Ending	<u>\$ 38,990</u>	<u>\$ 5,922</u>	<u>\$ 44,912</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 RECONCILIATION OF THE CHANGE IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013**

Net Change in Fund Balances - Total Governmental Funds \$ 79,331

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:

Capital Outlay	-	
Depreciation Expense	(36,094)	
Excess of capital outlay over depreciation expense		(36,094)

Internal service fund is used by management to charge for resale of records, goods, services and publications. The net revenue (expense) of the internal service fund is reported with governmental activities : 12,696

Expenses recognized in the Statement of Activities, not reported in the governmental funds:

Change in Compensated Absences		(4,284)

Change in Net Position of Governmental Activities \$ 51,649

**STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL -
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Approved Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Federal Funds	\$ 50,000	\$ 56,570	\$ 44,377	\$ (12,193)
State General Fund	2,544,000	2,544,000	2,544,000	-
Other Gifts and Grants	-	-	6,349	6,349
Other Revenue	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>75,000</u>
Total	<u>2,594,000</u>	<u>2,600,570</u>	<u>\$2,669,726</u>	<u>\$ 69,156</u>
 Expenditures - All Organizations				
Personal Services	\$ 2,267,300	\$ 2,171,300	\$1,848,279	\$ 323,021
Contractual Services	108,700	145,858	117,545	28,313
Other Costs	293,000	358,412	334,595	23,817
Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2,669,000</u>	<u>\$ 2,675,570</u>	<u>\$2,300,419</u>	<u>\$ 375,151</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2013**

	Governmental Activities - Internal Service Fund (37100)
ASSETS	
Current Assets	
Investment in State General Fund Investment Pool	\$ 184,785
Petty Cash	150
Receivables (net)	18,566
Inventory	16,578
Total Current Assets	220,079
Capital Assets, Net	47,378
Total Assets	\$ 267,457
 LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 189
Accrued Payroll	1,038
Total Current Liabilities	1,227
 NET POSITION	
Net Investment in Capital Assets	47,378
Unrestricted	218,852
Total Net Position	266,230
Total Liabilities and Net Position	\$ 267,457

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	Governmental Activities - Internal Service Fund (37100)
OPERATING REVENUES	
Charges for Services	\$ 72,067
Other Gifts and Grants	26
Sales	139,481
Total Operating Revenues	211,574
 OPERATING EXPENSES	
Administrative Services:	
Personal Services and Benefits	53,471
Contractual Services	-
Other Costs	130,513
Depreciation Expense	14,894
Total Operating Expenses	198,878
Changes in Net Position	12,696
Net Position, Beginning	253,534
Net Position, Ending	\$ 266,230

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 211,574
Payments to Employees and Suppliers	(179,811)
Net Cash Provided by (Used in) Operating Activities	31,763
Cash Flows From Capital Financing Activities:	
Additions to Equipment	-
Net Increase (Decrease) in Cash and Cash Equivalents	31,763
Cash and Cash Equivalents, Beginning of Year	153,022
Cash and Cash Equivalents, End of Year	\$ 184,785
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating Income (Loss)	\$ 12,696
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	14,894
Change in Current Assets (Increase) Decrease:	
Receivables	(4,690)
Inventory	(1,420)
Due from Other State Agencies	5,615
Change in Current Liabilities (Decrease) Increase:	
Accounts Payable	(642)
Accrued Liabilities	(2,070)
Other Liabilities	(3,569)
Other	10,949
Net Cash Provided by (Used in) Operating Activities	\$ 31,763

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Commission (Commission) of Public Records was created under Section 14-3-3, NMSA 1978. The Commission consists of the Secretary of State, the Secretary of the 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 who 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; the Records Management Division, which has statutory responsibility for efficient and economical records management; the Administrative Services Division which is responsible for the administrative duties; the 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 (where 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.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

In June, 1999, GASB unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. The significant changes in the statement include the following:

- A Management Discussion and Analysis (M D & A) section, written by management and providing an analysis of the Commission’s financial position and results of operations.
- Financial statements prepared using the full accrual method of accounting for all of the Commission’s activities.
- A change in the fund financial statements to focus on major funds.

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

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

A. Basis of Accounting- GASB Statement No. 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 categorize primary activities as governmental activities.

Government-Wide Financial Statements

The statement of net position 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 statements reflect 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.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 non-exchange 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 the current financial resource method using the modified accrual basis of accounting, and the internal service fund statements are presented using the accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when measureable and available. Measureable means knowing or being able to reasonably able to estimate the balances of the accounts. 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, reconciliation is presented which briefly explains the adjustment necessary to transform the fund based financial statements into the government-wide presentation.

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 FY 2013.

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

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**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. 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) fund number and description 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 fund number and description 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 FY 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 FY 2013.

Proprietary Fund:

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 for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the government (internal service funds). The Commission maintains one internal service fund which is reported within the governmental activities. The SHARE fund number and description is # 37100 – State Commission – Records Center.

C. Assets, Liabilities and Equity

Cash and Investments 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 on 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 collateral pledged to secure these deposits. For purposes of the Statements 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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Inventory

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

Capital Assets

Capital assets of the Commission consist of computer equipment, furniture and fixtures, equipment and vehicles. The Commission does not have any infrastructure.

New Mexico Laws of 2005, Chapter 237, Section 1 changed the capitalization threshold for movable chattel and equipment items costing more than \$5,000. Under this new law, items in the capital asset inventory that do not meet the new capitalization threshold continue to be depreciated in future periods until they are fully depreciated. Depreciation is shown over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building Improvements	10-20 years
Furniture and Fixtures	7-10 years
Equipment and Machinery	6-10 years
Automotive	5 years
Data Processing	6-7 years

Donated capital assets are recorded at estimated fair market value at the date of donation. Computer software which is purchased in conjunction with computer hardware 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' useful 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.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

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 for 240 hours. Vacation pay up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50% of their hourly rate, not to exceed 120 hours for

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

each semi-annual period. Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours, at 50 % 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 position and is displayed in three components:

1. **Net Investment in Capital Assets**, consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The Commission has no outstanding debt relating to capital assets.

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2. **Restricted net position**, consists of net position 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 position**, are all other net position that do not meet the definition of restricted or net investment in capital assets.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Government 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 previous 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 are 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 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 amounts after all classifications have been considered for the government’s general fund, and could report either a surplus or a deficit.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Program Revenues

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

D. Budgets and Budgetary Accounting

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 the special revenue fund.

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

1. The Commission of Public Records submits a proposed budget to the New Mexico State Legislature for the fiscal year commencing the following July 1. The State Legislature must approve the budget prior to its legal enactment.
2. Budgets are controlled at the appropriation unit level.
3. Any adjustment to the budget must be submitted to and approved by DFA 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 a statutory exception. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable require approval to pay prior year bills out of the FY 2013 budget. At June 30, 2013, there were none.

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

E. Operating Transfers

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

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

F. Estimates

Preparation of financial statements in accordance with generally accepted accounting principles requires the use of management estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 show on the balance sheets – governmental funds are for reimbursement of expenditures paid out of those funds.

(2) CASH ON HAND AND ON DEPOSIT

Cash on hand and on deposit with the New Mexico State Treasurer General Fund Investment Pool at June 30, 2013, 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	\$ 423,117	\$ -	\$ 423,117	\$ 50
Capital Projects Fund	65800	-	-	-	-
Special Revenue Fund	75800	5,922	-	5,922	-
Internal Service Fund	37100	<u>184,785</u>	<u>-</u>	<u>184,785</u>	<u>150</u>
Total Cash		<u>\$ 613,824</u>	<u>\$ -</u>	<u>\$ 613,824</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 be collateralized at a minimum level of 50%. Collateral pledged to secure these deposits is monitored by 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 Commission's deposits may not be returned. The Commission does not have a policy for custodial credit risk. The Commission does not maintain any deposit

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
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JUNE 30, 2013**

accounts outside of the STO's and, therefore, custodial credit risk at June 30, 2013, could not be determined.

(3) RECEIVABLES, NET

Accounts receivable in the internal service fund at June 30, 2013, consisted of sales of boxes and other services. The total receivables at year end were \$18,566 and are considered to be collectible.

(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 holdings 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 purposes only.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

(5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated:				
Buildings and Structures	\$ 4,657	\$ -	\$ -	\$ 4,657
Computer Equipment	571,151	-	-	571,151
Equipment	287,138	-	-	287,138
Furniture	57,916	-	-	57,916
Land Improvements	1,289	-	-	1,289
Library and Museum Acquisitions	23,299	-	-	23,299
Total	<u>945,450</u>	<u>-</u>	<u>-</u>	<u>945,450</u>
Less Accumulated Depreciation for:				
Buildings and Structures	(2,542)	(233)		(2,775)
Computer Equipment	(501,598)	(17,376)		(518,974)
Equipment	(247,041)	(12,244)		(259,285)
Furniture	(40,693)	(5,942)		(46,635)
Land Improvements	(800)	(64)		(864)
Library and Museum Acquisitions	(2,062)	(235)	-	(2,297)
Total	<u>(794,736)</u>	<u>(36,094)</u>	<u>-</u>	<u>(830,830)</u>
Capital Assets, Net	<u>\$ 150,714</u>	<u>\$ (36,094)</u>	<u>\$ -</u>	<u>\$ 114,620</u>

Current year depreciation expense is \$36,094 for governmental funds (not including the internal service fund). There is no debt related to capital assets.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Internal Service Fund	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 327,890	\$ -	\$ -	\$ 327,890
Total	<u>327,890</u>	<u>-</u>	<u>-</u>	<u>327,890</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(265,618)	(14,894)	-	(280,512)
Total	<u>(265,618)</u>	<u>(14,894)</u>	<u>-</u>	<u>(280,512)</u>
Capital Assets, Net	<u>\$ 62,272</u>	<u>\$ (14,894)</u>	<u>\$ -</u>	<u>\$ 47,378</u>

Depreciation for the year ended June 30, 2013 was \$14,894 for the Internal Service Fund. There is no debt related to capital assets.

(6) DUE TO STATE GENERAL FUND

Cash Balance, June 30, 2013	\$ 423,117
Add: Due from Federal Government, NHPRC, 6/30/2013	41,092
FF Film Grant	5,421
Less: Amount Received From Film Grant	<u>(3,284)</u>
Amount Available (all state cash)	466,346
Less: Payroll Benefits Adjustment	\$ (7,989)
Accounts Payable, 6/30/2013	(60,912)
Accrued Payroll Payable, 6/30/2013	(18,953)
Payroll Taxes Payable, 6/30/2013	(7,270)
Payroll Benefits Payable, 6/30/2013	(13,693)
Special Appropriation	(32,771)
Add: FY 2012 Audit Adjustment	<u>139</u>
Due to State General Fund, June 30, 2013	<u>\$ 324,897</u>
Reversions by Fiscal Year Appropriation:	
FY 2013	\$ 324,897
Miscellaneous Revenue	-
Due to State General Fund	<u>\$ 324,897</u>

See Independent Auditors' Report

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JUNE 30, 2013**

The reversion to the state general fund for FY 2013 was \$324,897. As a result, the amount due to the state general fund at June 30, 2013 was \$324,897.

(7) LONG-TERM LIABILITIES

The following is a summary of changes in compensated absences at June 30, 2013:

	Balance June 30, 2012	Increase	Decrease	Balance June 30, 2013
Current	\$ 74,286	\$ 75,227	\$ 83,624	\$ 65,889
Long-Term	<u>4,815</u>	<u>18,978</u>	<u>6,627</u>	<u>17,166</u>
Total	<u>\$ 79,101</u>	<u>\$ 94,205</u>	<u>\$ 90,251</u>	<u>\$ 83,055</u>

General fund revenues are used to liquidate compensated absences.

(8) INTER-AGENCY TRANSFERS

The following is a schedule of inter-agency transfers:

Transferring Agency	Agency #	From Fund #	To Fund #	Amount	Purpose
DFA	34100	85300	17900	\$2,544,000	General Fund Allotment
DFA	34100	85300	17900	75,000	Special Appropriation
Commission of Public Records	36900	17900	85300	<u>(324,897)</u>	Reversion
Total				<u>\$2,294,103</u>	

(9) OPERATING LEASE COMMITMENT

The Commission maintains an operating lease as follows:

The Commission signed a five 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.

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The future minimum lease payments for the life of the lease are:

2014	\$ 86,651
2015	89,618
2016	-
2017	-
2018	-
Total	<u>\$ 176,269</u>

The lease expense for the year ended June 30, 2013 was \$84,464.

(10) PERA RETIREMENT PLAN

Plan Description

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

Funding Policy

Plan members are required to contribute 8.92% of their gross salary. The Commission is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Commission are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Commission's contributions to PERA for the years ending June 30, 2013, 2012, and 2011 were \$209,224, \$185,038, and \$234,427, respectively, equal to the amount of the required contributions for each year.

(11) DEFERRED COMPENSATION

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all State employees and those local government and school district employees whose employers have elected to participate in the plan and

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

There are employees that are making contributions to a Deferred Compensation Plan. Neither the Commission nor the State of New Mexico contributes to the Deferred Compensation Plan. All contributions withheld from participants by the Commission has been paid to the New Mexico Public Employee's Retirement Association, which administers the plan.

(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 the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.6% of each participating employee's annual salary; each participating employee is required to contribute 1% of their salary.

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

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The Commission's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$27,749, \$25,295 and \$25,721, respectively.

(13) SPECIAL APPROPRIATIONS

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

Laws	Appropriation Amount	Expended Through 6/30/2012	Expended During FY 2013	Unexpended Balance 6/30/2013	Date Appropriation Lapses
Laws 2013	\$ 75,000	\$ -	\$ 42,229	\$ 32,771	6/30/2014
	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 42,229</u>	<u>\$ 32,771</u>	

(14) RISKS OF LOSS

The Commission obtains coverage through Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. This coverage is designed to satisfy the requirements of the State

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
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JUNE 30, 2013**

Tort Claims Act. All employees of the Commission are covered by a blanket fidelity bond of a \$5,000,000 coverage limit with a \$1,000 deductible per occurrence by the State of New Mexico for the period July 1, 2012 through June 30, 2013.

(15) STATEWIDE CASH RECONCILIATION

In June 2012 an independent diagnostic report revealed that the State's cash balances have not been reconciled since the inception of the Statewide Human resources, Accounting, and management Reporting system (SHARE) system in July of 2006. Per directives issued by the Office of the State Auditor on October 30, 2012 and on November 20, 2013, a note disclosure relating to this issue is required for all New Mexico state agencies for financial statements issued for the fiscal year ended June 30, 2013. Please note that it is the responsibility of the Department of Finance and Administration to perform the monthly reconciliations of cash.

In conjunction with this directive, the Commission has provided copies of the required reports to the Independent Auditors. In addition, the Commission has explained to the Independent Auditors the policies and procedures the Commission has in place to ensure that the Commission's cash balances in SHARE are correct.

The Commission monitors cash receipts and cash deposits regularly. The Commission verifies and reconciles to the Trial Balance on a monthly basis with SHARE generated reports.

The Independent Auditors confirm that the Commission has performed these procedures with respect to cash reconciliations. Therefore, it is determined that there is little risk of misstatement of the Commission's cash accounts due to the issue raised here regarding statewide cash reconciliations to the SHARE system.

Our work and the client's response to these issues regarding cash reconciliations cause us to conclude that there is little risk of material misstatement with regards to cash.

(16) SUBSEQUENT EVENTS

The Commission has evaluated subsequent events through December 10, 2013, the date which the financial statements were available to be issued.

**STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013**

(17) RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS FINANCIAL STATEMENTS

	<u>Fund 17900</u>	<u>Fund 37100</u>
Revenues Per Modified Accrual Basis	\$ 2,663,377	\$ 211,574
Prior Year Receivables	(34,743)	(8,261)
Current Year Receivables	<u>41,092</u>	<u>18,566</u>
Revenues per Budgetary Basis	<u>\$ 2,669,726</u>	<u>\$ 221,879</u>
Expenditures Per Modified Accrual Basis	\$ 2,259,249	\$ 183,984
Prior Year Payables	141,998	(3,770)
Current Year Payables	<u>(100,828)</u>	<u>(1,227)</u>
Expenditures per Budgetary Basis	<u>\$ 2,300,419</u>	<u>\$ 178,987</u>

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SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 COMBINING BALANCE SHEET – NONMAJOR FUNDS
 JUNE 30, 2013**

	Capital Projects (Fund 65800) - Nonmajor	Special Revenue (Fund 75800) - Nonmajor	Total Nonmajor Governmental Funds
ASSETS			
Investment in the State Treasurer General Fund			
Investment Pool	\$ -	\$ 5,922	\$ 5,922
Total Assets	\$ -	\$ 5,922	\$ 5,922
LIABILITIES			
Due to Other Funds	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
FUND BALANCES			
Fund Balances:			
Restricted	-	5,922	5,922
Total Fund Balances	-	5,922	5,922
Total Liabilities and Fund Balances	\$ -	\$ 5,922	\$ 5,922

See Independent Auditors' Report

**STATE OF NEW MEXICO
 COMMISSION OF PUBLIC RECORDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE – NONMAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	Capital Projects (Fund 65800) - Nonmajor	Special Revenue (Fund 75800) - Nonmajor	Total Nonmajor Governmental Funds
REVENUES			
Other Gifts and Grants	\$ -	\$ 100	\$ 100
Total Revenues	-	100	100
EXPENDITURES			
Current Operating:			
Personal Services and Employee Benefits	-	-	-
Contractual Services	-	-	-
Other Costs	-	-	-
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balance	-	100	100
Fund Balance at Beginning of Year	-	5,822	5,822
Fund Balance at End of Year	\$ -	\$ 5,922	\$ 5,922

See Independent Auditors' Report

STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
(BUDGETARY BASIS)
PROPRIETARY FUNDS – INTERNAL SERVICE FUND (37100)
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Approved Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Charges for Services	\$ 87,900	\$ 87,900	\$ 82,372	\$ (5,528)
Sales	38,300	38,300	139,507	101,207
Total Revenues	<u>126,200</u>	<u>126,200</u>	<u>\$ 221,879</u>	<u>\$ 95,679</u>
Prior Year Fund Balance	<u>92,200</u>	<u>92,200</u>		
Total	<u>\$ 218,400</u>	<u>\$ 218,400</u>		
 Expenditures - All Organizations				
Personal Services	\$ 53,100	\$ 54,100	\$ 48,474	\$ 5,626
Contractual Services	10,000	9,000	-	9,000
Other Costs	155,300	155,300	130,513	24,787
Other Financing Uses	-	-	-	-
Total Expenditures	<u>\$ 218,400</u>	<u>\$ 218,400</u>	<u>\$ 178,987</u>	<u>\$ 39,413</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2013**

Electronic Document Management System

Participants: The Human Services Department, Taxation and Revenue Department and the Commission of Public Records.

Responsible Party for Operations: The Human Services Department.

Description: 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 was allocated to the project.

Beginning and endings dates of agreement: February 10, 2005; the ending date is still to be determined.

Total estimated amount of project: \$2 million. It is funded through House Bill 2 with the Human Services Department as the lead agency.

The Commission of Public Records contributed no money in FY 2013.

The Human Services Department has audit responsibility.

The Human Services Department is the fiscal agent.

The Human Services Department reports all revenues and expenditures.

Kubiak & Melton, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico
and

Dr. Stanley M. Hordes, Chairman
Commission of Public Records
Santa Fe, New Mexico

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund of the Commission of Public Records (Commission) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Commission, and have issued our report dated December 10, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant

deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kubiak & Melton, LLC

Kubiak & Melton, LLC
Albuquerque, New Mexico
December 10, 2013

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2013**

There are no current or prior year findings.

**STATE OF NEW MEXICO
COMMISSION OF PUBLIC RECORDS
EXIT CONFERENCE
JUNE 30, 2013**

The contents of this report were discussed at an exit conference held December 10, 2013. The firm of Kubiak & Melton, LLC was represented by Daniel O. Trujillo, CPA, CFE. The Commission was represented by the Patricia Herrera, Designee - New Mexico Secretary of State, Member, John Hyrum Martinez, State Records Administrator, Linda Trujillo, Deputy State Records Administrator / CFO and Ruben Rivera, Fiscal Officer.

Preparation of Financial Statements

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

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