

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

865



**FROM:** Assessor-County Clerk-Recorder

**October 6, 2006**

**SUBJECT:** Records Management & Archives Program (RMAP) 2006 Annual Report and Business Plan for Fiscal Years 2006-2011

**RECOMMENDED MOTION:** That the Board of Supervisors:

- 1) Receive and file the 2006 Annual Report as required under Board Policy A-43; and
- 2) Approve concurrence with the Records Management & Archives Program Business Plan.

**BACKGROUND:** The Board approved Policy A-43 on January 13, 2004, which expanded the scope of the Records Management Program and required that RMAP submit an annual report to the Board of Supervisors summarizing the activities of the program. The executive summary of the program's business plan is included, as required by policy, as well as the business plan in its entirety for concurrence by the Board.

Departmental Concurrence

*Larry W. Ward*

Larry W. Ward  
Assessor-County Clerk-Recorder

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ None	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ None	Budget Adjustment:	No
	Annual Net County Cost:	\$ None	For Fiscal Year:	2006-2007

<b>SOURCE OF FUNDS:</b>	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:**

**APPROVE**

County Executive Office Signature

*Bob Ecklund*

Policy  
 Policy  
 Consent  
 Consent  
 Dept't Recomm.:  
 Per Exec. Ofc.:

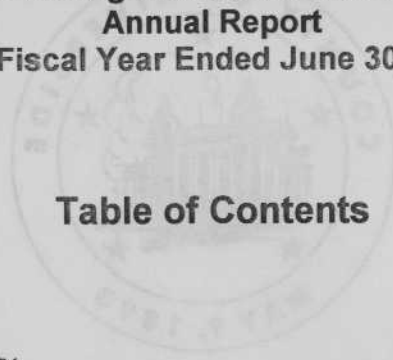


**County of Riverside**  
**Records Management & Archives Program**  
**Annual Report**  
**For Fiscal Year Ended June 30, 2006**

**Beth Crawford**  
**Administrative Manager**

**September, 2006**

**Records Management & Archives Program  
Annual Report  
For Fiscal Year Ended June 30, 2006**



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- Executive Summary
- Summary of Program Activities
  - Key Accomplishments
  - Performance to Record keeping Standards
- Financial Performance

**Records Management & Archives Program**  
**Annual Report**  
For Fiscal Year Ended June 30, 2006

**Executive Summary**

This Annual Report to the Board of Supervisors is submitted as outlined in policy A-43, approved January 13, 2004. This report seeks to advise the Board of Supervisors on the progress made to date towards full implementation of this policy and outlined in the R. Jackson Armstrong-Ingram's Consultant's Report and Recommendations, approved for implementation by the Board of Supervisors on May 20, 2003.

The priorities for the Records Management and Archives Program (RMAP) continue to focus on laying a solid foundation for the program. While a more complete list follows, highlights for this year include:

- Implementation of operations as an internal service fund aligned with Board Policy A-43;
- Continued training and preparation of Departmental Record Retention Schedules for several departments.
- Implementation of an off-site vault storage program for preservation of records vital to the County of Riverside to ANSI/AIIM archival standards.
- Preservation of official records to ANSI/AIIM archival standards.
- Continued destruction of non-records resulting from the implementation of the Board-approved General Record Retention Schedule.

The long-term business plan is integral to the future success of the program and is attached. The business plan sets the direction, strategies and goals for RMAP to proceed and is based on the program objectives and vision embodied in the policy.

The Records Management and Archives Program (RMAP) aims to provide records management, records storage and archives services to the County of Riverside. The plan seeks to redirect department expenditures and thus, significantly increase efficiency and savings from the delivery, creation and implementation of responsible record keeping.

Consulting in the areas of records management, filing and indexing, and strategic analysis and reporting services will be offered. Field consulting services and preservation projects will fuel growth and represents approximately 15-20% of revenue over the planning horizon. These targets are attainable by partnering with departments to encourage responsible record keeping, reduce unnecessary expenditure and risks, and facilitate access to departments and the public.

**Records Management & Archives Program  
Annual Report  
For Fiscal Year Ended June 30, 2006**

**Key Accomplishments**

**Financial Restructuring**

- Successfully implemented operations as an internal service fund effective July 1, 2005, based on a business plan submitted to the Board of Supervisors in May 2005.
- Operations provided sufficient cash flow to repay the initial loan from the general fund and grew Net Assets by approximately \$292K, well ahead of target.

**Communication & Training**

- Continued executive-level and management-level engagement to provide on-going dialogue for county departmental needs and responsible records management programs and training, including presentation to Departments Heads on June 8, 2006
- Developed courseware to train departmental personnel on the basics of implementing a Departmental Record Retention Schedule
- Delivered 10 seminars during the fiscal year on the topics of Developing and Implementing a Departmental Record Retention Schedule.

**Personnel**

- Efforts continue to recruit professional records management and archivist personnel, as well as secure professional contract resources.

**Operations**

- Completed nearly one-third of the proposed quantity of microfilm preservation to archival standards for official records of the Assessor-County-Clerk Recorder's Office. To date, 1,964 rolls, representing six years of county recordations have been preserved. Under this project, a surrogate master and a security copy will be reproduced to ANSI/AIM standards..

**Records Management & Archives Program**  
**Annual Report**  
For Fiscal Year Ended June 30, 2006

**Key Accomplishments – Cont'd**

**Operations – Cont'd**

- Secured contracts with two vault service providers to enable storage of microforms to archival standards. Stringent environmental controls are necessary to approach the estimated life of 500 years for vital County of Riverside records.
- Developed a plan for packaging and storage of critical records maintained on microfilm by the Assessor-County Clerk-Recorders office, and commenced implementation. Over 20,000 rolls of film have been repackaged and secured in off-site vaults.
- Provided limited consulting field services to departments to assist in the preparation of Departmental Record Retention Schedules. A minimum of seven departments have active projects in process and we anticipate several of these will seek approval from the Board of Supervisors in 2006/2007.
- Based on the term guidelines in the approved General Record Retention Schedule, provided information and guidance to departments to enable purging of aged or duplicate records stored in the Record Center. Nearly ten thousand cubic feet of space has been made available as a result.

**Records Management & Archives Program  
Annual Report  
For Fiscal Year Ended June 30, 2006**

**Financial Performance**

**FY 2005/2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total Dept. Revenue	\$2,973,000	\$2,459,010	\$(513,990)
Salaries & Benefits	\$1,903,678	\$1,456,553	\$ 447,125
Supplies & Services	935,322	706,613	228,709
Other Charges	44,000	12,070	31,930
Total Expenditures	<u>\$2,883,000</u>	<u>\$2,175,236</u>	<u>\$ 707,764</u>
Net (Cost) / Income	<u>90,000</u>	<u>283,774</u>	<u>193,774</u>

Profitability exceeded plan despite the shortfall in revenue. The budget had provided for the recruitment of several analysts and the start-up of field services. These recruitments were not successful and accounts for the miss in revenue from plan. Recovery rates had provided for the overhead associated with these personnel, favorably impacting net income in comparison to plan.



**County of Riverside**  
**Records Management & Archives Program**  
**Business Plan**  
**Fiscal Years 2006 – 2011**

**Beth Crawford**  
**Administrative Manager**

**September 2006**

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### **Executive Summary**

The goal of this business plan is to provide a strategic framework for the Records Management and Archives Program (RMAP) within which to establish the environment and resources necessary to enable departments and agencies to execute most effectively their responsibility for sound record keeping and preservation.

This plan outlines a systematic approach to implementing sound practices throughout county operations. Essential to the success of the program will be the effectiveness of RMAP to demonstrate the benefits of its services and to clearly articulate the economics of its methods, so departments and agencies can make sound decisions based on best practices.

Field consulting services and preservation projects are expected to fuel growth and represent approximately 20% of projected revenue over the planning horizon. These targets are attainable by collaborating with departments to reduce unnecessary expenditures, encourage responsible record keeping, and facilitate access by departments and the public to county records while reducing risk.

### **Program Objectives**

As stated in Board Policy A-43, it is the intent of the county to establish a uniform program of responsible record keeping applicable to all county departments in accordance with applicable law. By doing so, it is the Board of Supervisors' goal to:

1. **SAVE SPACE** by removing from offices records not required for the day-to-day operations; by removing from storage areas records that no longer have significant value; and by maintaining a consistent flow of records from office space to off-site storage to destruction.
2. **SAVE MONEY** by better utilization of office space and imaging technology for active records; by restricting the use of leased space for storage of inactive records; by controlling the purchase of equipment and supplies to file inactive records; by providing cost effective storage facilities for inactive records; and by encouraging the use of automated micrographic systems for very active, long term and archival records.
3. **SAVE TIME AND LABOR** in locating records by removing inactive records from office files; by centrally locating inactive records in an off-site facility; by maintaining a computerized records management system which provides for retrieval and accounting of off-site records and utilize imaging technology and automation for active records retrieval.
4. **PRESERVE AND PROTECT** documents of historical significance and/or archival value.

### **Mission, Goals & Strategies**

**RMAP's mission** is to make the County of Riverside the premier records management and archives program.

Through leadership and delivery of services that inspire them to embrace responsible record keeping, county departments and agencies will understand the economics and trade-offs associated with sound record keeping, and will recognize the quality, value and partnership provided in RMAP's offerings.

*By example, our leadership will bring leading edge concepts, industry standards, best practices and technologies to the county to achieve a sustainable, cost effective level of quality, in the creation, use, maintenance, retention, preservation, archiving and disposal of county records.*

#### **RMAP's Goals**

1. Develop a framework and provide leadership in offering tools and services to enable best practices in departmental record management, and to guide departments to fully implement Board Policy A-43.
2. Develop and execute a financial plan that fully supports the program's revised focus and provides for long-term capital needs.
3. Establish professional consulting functions that provide service to county departments on the development of retention schedules, records and file management and archival services.
4. Drive the completion of Board-approved departmental retention schedules by the end of fiscal 2008.
5. Develop a plan for safely archiving the present backlog of permanent and historic records and facilitate access to these records.

#### **Strategies**

1. Develop in-house expertise to assist departments and agencies in meeting their legal and service requirements cost effectively.
2. Position the program as the "go to" team from which to get advice on their record keeping and preservation issues.
3. Become the vendor of choice for services that deliver sustained value and quality in conformance to industry standard, and that make the most effective use of county resources.

### **Business Profile**

Presently, RMAP offers record storage, reformatting and to a limited extent, advisory services in the areas of record retention, file and indexing management and preservation. While this has provided a valuable and cost effective service to county departments and agencies, the program can do more in achieving county wide archival and records management needs.

The formalization of industry standards, emergence of the Internet as an effective tool for industry professionals and enabling technologies, such as digital imaging has increased the records and archives management as a priority in organizations. Implementing best practices can enable the program to pay for itself and improve accessibility to the public. Recognizing these trends, combined with renewed focus on the county archives, the Board of Supervisors directed the implementation of the recommendations of an independent study in May 2003, summarized in the following:

- Reprioritize and refocus the program to meet both immediate storage as well as long-term preservation needs for County records.
- Restructure the program's staffing and budget to reflect these priorities.
- Reclassify existing positions supporting the program to ensure that personnel possess an adequate array of knowledge, experience and qualifications.
- Formalize practices and procedures at the highest level to ensure compliance and to minimize risk and liability.
- Provide qualified, professional leadership of the program.

The report findings and recommendations provide a framework for restructuring the program. Revised Board Policy (A-43) defines more clearly the responsibilities of the departments for responsible record keeping, and the scope and role of RMAP. Considerable progress has also been made to date on organizational restructuring and reclassification of personnel. The priority is to hire the professional staff necessary to formalize these practices and program procedures, and put us on track towards fulfilling our mission.

### **Business Profile – Cont'd**

**RMAP's vision** for the County of Riverside includes:

- Systematic records management that clearly identifies the care needed for records of indefinite term, or disposition for records of short term.
- Record keeping costs and risks are contained.
- Record coordinators and department management understand the economic trade-offs for sound record keeping.
- Paper records of short-term duration are stored in a record center.
- Records of indefinite or long term are stored permanently on microfilm and housed in a secure facility that will preserve the records for future generations.
- The rate of investment in office space and personnel is favorably impacted by countywide use of sound archives and records management practices.
- Archival repository is available to the public via the Internet.
- Repository for records of historical significance is available for research.

## **Market Analysis**

### **General**

The County of Riverside is among the fastest growing counties in the state, primarily due to in migration from nearby counties. This trend is forecast to continue, increasing the cost to the county to meet the growing demands on county services. In addition, it is anticipated the State budget crisis will continue to cause tightening of state funding locally.

These factors dictate the need to improve productivity and space utilization, which can be aided through improved records management practices and adopting new technologies.

### **Image-based Systems**

While many county functions are well suited to benefit from new technologies, such as a document management system, implementation places greater demand on sound records management and archival practices.

Image-based systems have been implemented or are being evaluated by numerous departments as a means to improve workflow and record management. This poses key questions from a records management perspective:

1. Will the technology survive the retention requirements of the records?
2. Has business continuity planning considered access to records in the event of business interruption?
3. Will the workflow incorporate sound file management practices and satisfy public service needs?

### **Records Retention Schedules**

To date, five departments in the County of Riverside have partially implemented a departmental records retention schedule approved by the Board of Supervisors. All County departments and agencies are in need of creating or updating their records retention schedules.

## **Market Analysis – Cont'd**

### **Buying Patterns**

The key elements in departments' buying decisions are:

- Impact on appropriations,
- Retrievability (response time & ease), and
- Quality of service.

The frequency and required response time for retrieving stored records varies dramatically from one department to another, and may be dictated or influenced by legislation. Knowing the customer is critical to achieving the right balance of these factors in line with customer needs.

### **Third Party Comparison**

Direct competition is somewhat limited. The opportunity for compromise or product substitution is high. For example, record storage has minimal impact on current year appropriations when compared to the initial cost of microfilm. Another example, imaging, provides high accessibility and lower operating cost (once investment made in DMS) although image quality and ability for system migration for a long life record is a risk.

In the area of record storage, there is currently one major provider in the area. Based on a study conducted in late 2000, the results showed that the County Record Center is the more cost effective alternative. This was validated again in 2001 by a local government agency.

Comparisons with local microfilm businesses are difficult for a variety of reasons, including limited providers, product quality differences, and the nature of the source material (large scale maps, mixed sizes, etc.). However, RMAP does ensure conformance to ANSI/AIIM standards, which is not the case for all service providers. All factors considered, we believe our pricing is competitive and our product superior.

### **Business Opportunities**

Professional resources will provide higher levels of expertise to the County of Riverside to support various record management practices, including:

#### **Professional Field Services**

- Assisting departments to develop and implement department-specific record retention schedules.
- Providing tools and consultation to assist the understanding of economic trade-offs in records management and archival preservation.
- Developing vendor qualification criteria to facilitate conformance to standards by third party providers.
- Consulting with departmental personnel on best practices relating to records management, including file management, process flow support, storage & business continuity planning.

#### **Imaging & Scanning Services**

- Providing scanning services to establish a digital library for departments moving to image-based systems.
- Providing scanning and indexing services for on-going applications that are best suited for batch processing.
- Supporting retrieval needs for record storage customers with scan on demand service.
- Providing image storage and access capability in smaller applications.

#### **Preservation & Archival Services**

- Providing archivist services, including field services and preservation.
- Establishing access to records of indefinite term or historical value electronically to improve public service and to better preserve records.
- Enable access of records for research purposes.

### **Marketing Plan**

1. Position RMAP as the “go to” people to get expert advise on how best to solve recording keeping issues and to help departments achieve their responsibilities cost effectively.
  - a. The consultative approach will show the economic trade-offs of sound record keeping, and the alternatives available to the department to fulfill these requirements.
2. Develop criteria for measuring and monitoring product and service delivery in line with industry standards for in-house and third party suppliers.
3. Conduct analyses of department and agency needs, and target opportunities to focus RMAP resources on meeting departmental needs while providing the greatest payback to the County overall and service availability within RMAP.
4. Develop a program to provide continuous contact and survey information from departments and agencies.
5. Define product or service offerings clearly, and align pricing accordingly to ensure value added to the customer.
6. Become the vendor of choice for services that deliver sustainable value and enduring quality in conformance with industry standards.

### Operating Plan

1. Deliver services that represent the prudent use of County resources and maintain standards to monitor the quality of output to ensure consistency and value to the County.
2. Discontinue products and services that do not provide a clear advantage to the county in terms of price, quality or delivery.
3. Document processes and benchmark to third party suppliers as a means to provide continuous process improvement and value added to the county.
4. Develop a long term operating plan that provides adequate facilities with:
  - a. Sufficient capacity to meet county needs for short-term records.
  - b. Suitable environmental controls to preserve county records to industry standards.
  - c. Secure and environmentally controlled work area for preservation, cataloguing, appraisal, and accessioning of archival material by county personnel for on-going maintenance of the county archives.
  - d. Provide suitable and secure public access and work areas for research.

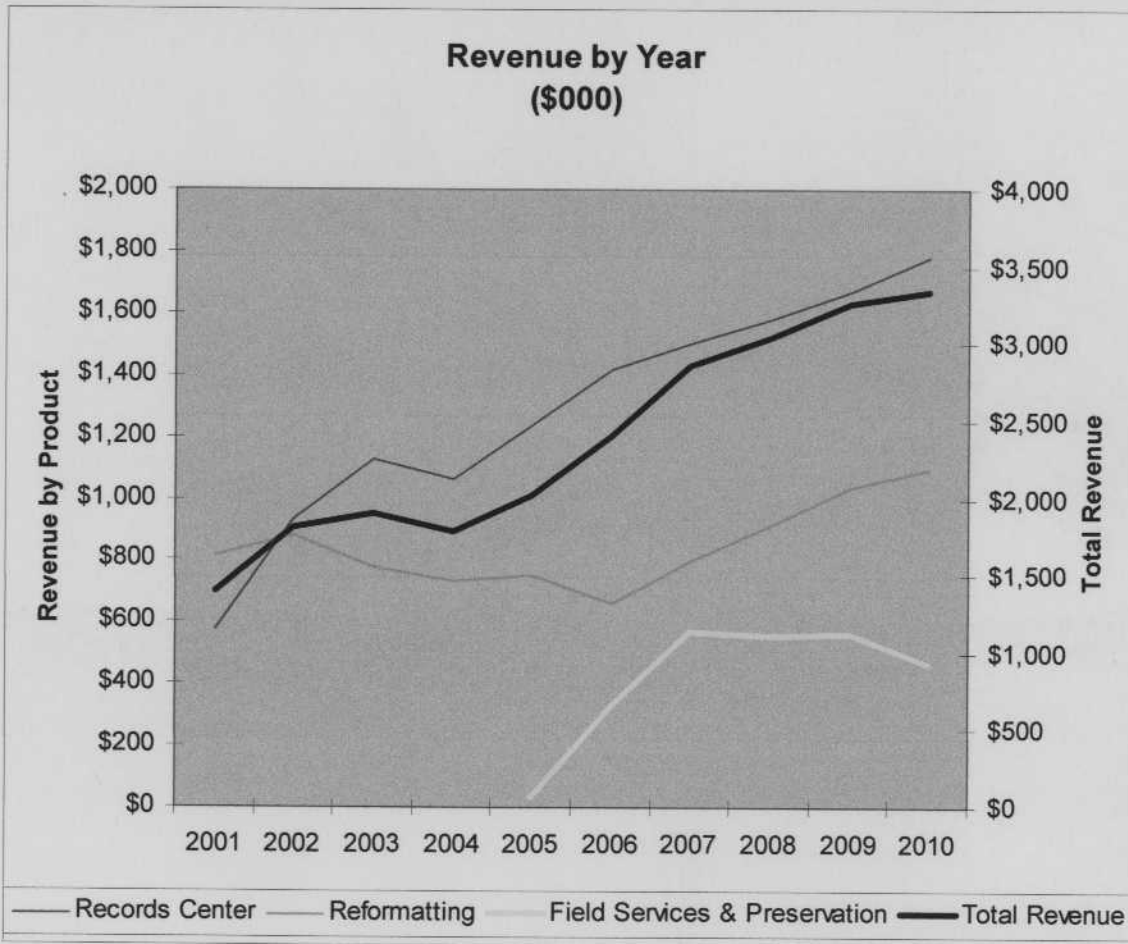
### **Organizational Plan**

1. Recruit the professional resources required to provide necessary expertise.
2. Define clearly the responsibilities and expectations for employees and hold them accountable for achieving results.
3. Explore alternate resource solutions to supplement specialized functions.
4. Organize the department and provide the resources to place the priority and focus on establishing the field services function.

### Financial Plan

For the past six years, RMAP has operated at zero net county cost. As an internal Service Fund, the recovery rates and revenues are set to provide for a contribution to the working capital needs of the program. The program is able to consider the total economic costs, provide for on-going capital needs and provide for rate stability, in support of the objectives set forth by the Board. The projected revenues and expenses follow on the next page, Statement of Revenues, Expenses and Changes in Net Assets.

Revenues are projected to grow from \$2.5 million in fiscal 2006 to \$3.5 million in fiscal 2011. As county departments develop and implement best practices, revenue will be derived from consulting services, preservation of aged records, and the increase in the level of reformatting of records newly created. Record center activities will shift from maintaining permanent records to temporary records, with increasing volumes and inventory turns.



Records Management & Archives Program  
 Business Plan Fiscal Years 2006-2011

Records Management & Archives Program  
 Statement of Revenues, Expenses & Changes in Net Assets  
 Projected for Fiscal Years Ending June 30, 2006 through 2011

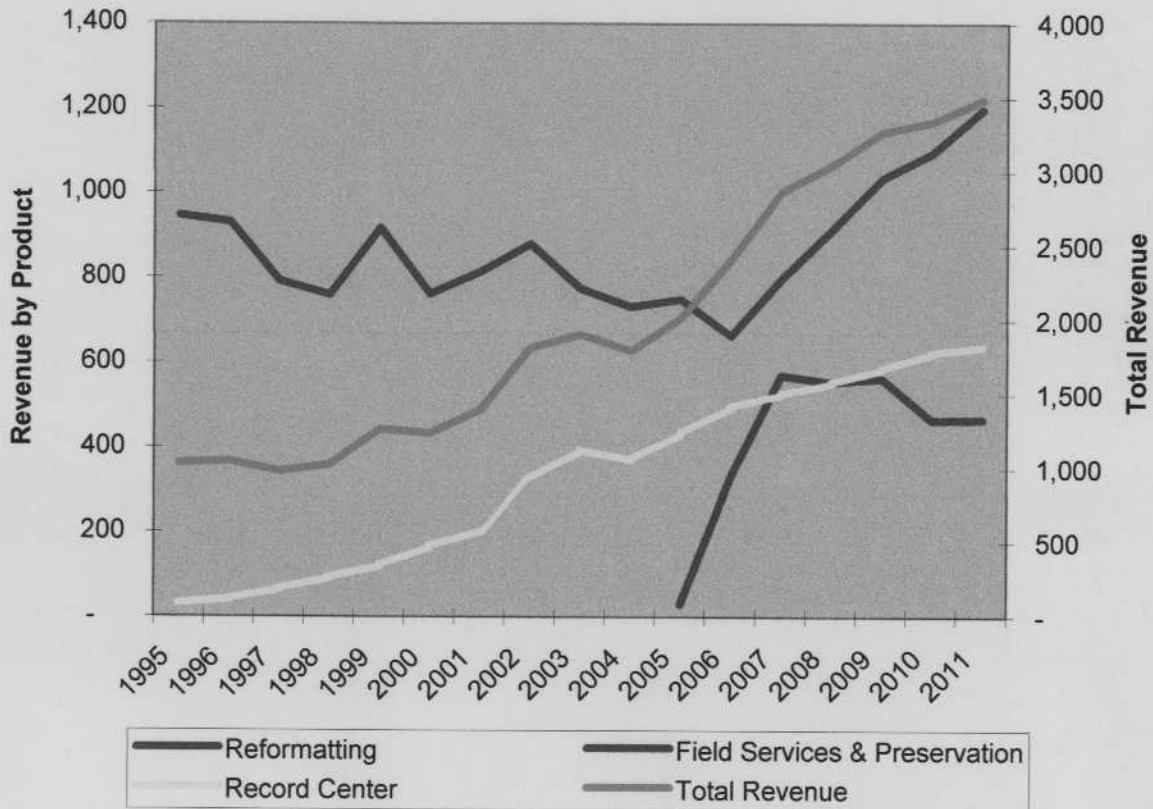
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Operating Revenues	\$ 2,459,010	\$ 2,867,000	\$ 3,043,452	\$ 3,266,412	\$ 3,338,654	\$ 3,488,206
Operating Expenses	\$ 2,175,236	\$ 2,730,476	\$ 2,898,526	\$ 3,110,869	\$ 3,179,671	\$ 3,322,101
Operating Income	\$ 283,774	\$ 136,524	\$ 144,926	\$ 155,543	\$ 158,984	\$ 166,105
Capital Contributions, net	\$ 8,662					
Change in net assets	\$ 292,436	\$ 136,524	\$ 144,926	\$ 155,543	\$ 158,984	\$ 166,105
Net assets - July 1	\$ -	\$ 292,436	\$ 428,960	\$ 573,886	\$ 729,430	\$ 888,413
Net assets - June 30	\$ 292,436	\$ 428,960	\$ 573,886	\$ 729,430	\$ 888,413	\$ 1,054,518

**Financial Plan – Cont'd**

Traditionally, revenues have been sourced from record storage and reformatting services. Images filmed were as low as 4.5 million in the mid-1990's and have grown to 8.7 million converted in fiscal 2006. In 1995, cubic foot boxes in storage were less than 20 thousand, and were more than 130 thousand by fiscal year end 2006.

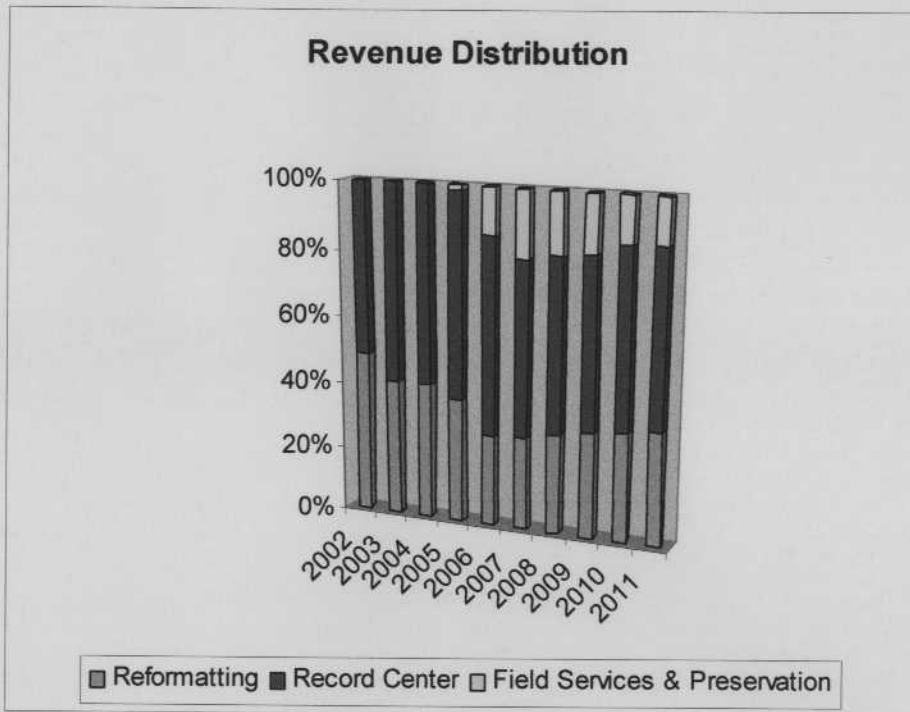
Preservation services for the County Recorder alone are estimated at over \$1MM from fiscal 2006 to 2008. An additional \$2MM is anticipated over the planning horizon for field services and preservation services to assist County departments and agencies with the development of department-specific record retention schedules, planning and implementation of best practices for record management and preservation services.

**Revenue By Year  
 Fiscal Years 1995 - 2011  
 (Thousands \$)**



### Financial Plan – Cont'd

As the program shifts its focus, a greater percent of revenue will come from consulting and preservation services provided to County departments and agencies. From a County perspective, the costs for these services will be offset over time by improved utilization of people and office resources and improved risk management.



The Statement of Net Assets shows strong growth in the net assets from inception in 2006, growing to \$1.1 million in 2011. Throughout the planning horizon and beyond, net assets will be designated to build the necessary working capital and funds for capital assets. This will provide the foundation for financial stability. Working capital goals are 60 days revenue on hand. Building and maintaining a strong Net Asset position is essential to the long-term development of a County archives program.

Investments will be needed to support present services as well as suitable to accommodate archival materials and access to the public. Over time, depreciation will provide a means, in part, for setting aside funds for investments, and is supplemented by a capital provision of 3% of revenues in this plan. Presently, net book value represents only 7% of gross asset value, reflecting the aged state of the fixed assets. Over the five-year period, net book value as a percent of gross asset value grows to 12%.

Records Management & Archives Program  
Business Plan Fiscal Years 2006-2011

Statement of Net Assets  
Projected for Fiscal Years Ending June 30, 2006 through 2011

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Assets</b>						
Current assets:						
Cash	\$ 445,311	\$ 672,845	\$ 844,524	\$ 1,067,009	\$ 1,267,694	\$ 1,505,280
Interest Receivable	2,869					
Total current assets	\$ 448,180	\$ 672,845	\$ 844,524	\$ 1,067,009	\$ 1,267,694	\$ 1,505,280
Capital assets:						
Buildings, Improvements & Equipment	1,213,441	1,313,441	1,413,441	1,513,441	1,613,441	1,713,441
Less: Allowance for depreciation	1,130,801	1,156,301	1,198,801	1,258,301	1,334,801	1,428,301
Total capital assets	\$ 82,640	\$ 157,140	\$ 214,640	\$ 255,140	\$ 278,640	\$ 285,140
<b>Total assets</b>	\$ 530,820	\$ 829,985	\$ 1,059,164	\$ 1,322,149	\$ 1,546,334	\$ 1,790,420
<b>Liabilities</b>						
Current liabilities:						
Vouchers payable	\$ 15,194	\$ 79,639	\$ 84,540	\$ 90,734	\$ 92,740	\$ 96,895
Payroll payable	93,281	102,393	108,695	116,658	119,238	124,579
Compensated absences	42,870	48,443	54,741	61,857	69,898	78,985
Equipment financing	-	27,145	44,910	67,157	92,883	94,772
Interfund loan from General Fund						
Total current liabilities	\$ 151,345	\$ 257,620	\$ 292,886	\$ 336,405	\$ 374,759	\$ 395,231
Long-term liabilities:						
Equipment financing	-	64,631	119,721	151,160	158,277	166,568
Compensated absences	\$ 87,039	\$ 78,774	\$ 72,671	\$ 105,155	\$ 124,885	\$ 174,104
Total long-term liabilities	\$ 87,039	\$ 143,405	\$ 192,392	\$ 256,315	\$ 283,161	\$ 340,672
<b>Total liabilities</b>	\$ 238,384	\$ 401,025	\$ 485,278	\$ 592,720	\$ 657,921	\$ 735,902
<b>Net Assets</b>						
Invested in capital assets, net of debt	\$ 82,640	\$ 65,364	\$ 50,009	\$ 36,823	\$ 27,480	\$ 23,800
Restricted Assets	\$ (114,337)					
Designated - Working Capital	250,363	277,586	432,573	594,613	760,773	926,071
Designated - Capital Assets	73,770	86,010	91,304	97,992	100,160	104,646
<b>Total Net Assets</b>	\$ 292,436	\$ 428,960	\$ 573,886	\$ 729,429	\$ 888,413	\$ 1,054,518

### **Financial Plan – Cont'd**

As illustrated on the Statement of Cash Flows on the next page, the source of funds will be provided primarily from operating activities. Financing will be pursued as needed to maintain an adequate and cash flow, and will fund annual operational capital assets. Longer term, major financing will be required to acquire a single facility to provide operational efficiencies, provide for County growth and provide suitable archival housing, preservation and accessibility to the public.

The financial plan is summarized in the following:

1. Maintain a fee structure that aligns with services offered and that fully supports the program's revised focus.
2. Build and maintain a net asset balance of approximately 60 days revenue on hand designated for working capital to provide for short-term cash needs.
3. Provide for the investment in capital assets to support services and suitable archival facilities, and designate net assets for this purpose.

Records Management & Archives Program  
Business Plan Fiscal Years 2006-2011

Records Management & Archives Program  
Statement of Cash Flows

Projected for Fiscal Years Ending June 30, 2006 through 2011

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>Cash Flows from Operating Activities:</u></b>						
Cash received from customers	\$ 2,431,339	\$ 2,867,000	\$ 3,043,452	\$ 3,266,412	\$ 3,338,654	\$ 3,488,206
Cash paid to employees for services	(1,233,363)	(1,765,698)	(1,877,740)	(2,014,102)	(2,064,206)	(2,154,024)
Cash paid to suppliers	(675,327)	(850,279)	(961,043)	(988,111)	(1,034,378)	(1,065,081)
<b>Net cash provided by operating activities</b>	<b>\$ 522,649</b>	<b>\$ 251,023</b>	<b>\$ 204,669</b>	<b>\$ 264,200</b>	<b>\$ 240,070</b>	<b>\$ 269,101</b>
<b><u>Net cash Flows from noncapital financing activities</u></b>	<b>\$ 8,662</b>					
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>						
Proceeds from capital financing	-	100,000	100,000	100,000	100,000	100,000
Acquisition of capital assets	(86,000)	(111,745)	(116,495)	(120,857)	(119,693)	(115,757)
<b>Net cash used for capital and related activities</b>	<b>(86,000)</b>	<b>(23,489)</b>	<b>(32,990)</b>	<b>(41,714)</b>	<b>(39,386)</b>	<b>(31,514)</b>
<b>Net increase in cash and cash equivalents</b>	<b>\$ 445,311</b>	<b>\$ 227,534</b>	<b>\$ 171,679</b>	<b>\$ 222,486</b>	<b>\$ 200,684</b>	<b>\$ 237,586</b>
Cash and cash equivalents July 1	\$ -	\$ 445,311	\$ 672,845	\$ 844,524	\$ 1,067,009	\$ 1,267,694
Cash and cash equivalents June 30	\$ 445,311	\$ 672,845	\$ 844,524	\$ 1,067,009	\$ 1,267,694	\$ 1,505,280
<b><u>Reconciliation of Operating Income to</u></b>						
<b><u>Net Cash Provided by Operating Activities</u></b>	<b>\$ 283,774</b>	<b>\$ 136,524</b>	<b>\$ 144,926</b>	<b>\$ 155,543</b>	<b>\$ 158,984</b>	<b>\$ 166,105</b>
Operating income						
Adjustments:						
Depreciation	3,360	40,943	48,539	94,500	76,500	93,500
(Increase)/decrease in receivables	(2,869)					
Increase/(decrease) in vouchers payable	15,194	64,445	4,901	6,193	2,007	4,154
Increase/(decrease) in payroll payable	93,281	9,112	6,302	7,963	2,580	5,341
Increase/(decrease) in compensated absences	129,909	(2,692)	195	39,601	27,771	58,306
<b>Net cash provided by operating activities</b>	<b>\$ 522,649</b>	<b>\$ 251,023</b>	<b>\$ 204,669</b>	<b>\$ 264,200</b>	<b>\$ 240,070</b>	<b>\$ 269,100</b>