

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE**

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

(With Independent Auditor's Report Thereon)

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

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
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June 30, 2011**

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**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Official Roster**

June 30, 2011

SENATE CHIEF CLERK'S OFFICE

Lenore Naranjo Chief Clerk

Senator Timothy Z. Jennings President Pro-Tempore

LEGISLATIVE COUNCIL SERVICE

Raul E. Burciaga Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

State of New Mexico
Senate Chief Clerk's Office
Santa Fe, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the major fund (general fund), and the budgetary comparison statement of the General Fund of the State of New Mexico, Senate Chief Clerk's Office, a component unit of the State of New Mexico, as of and for the year ended June 30, 2011, which collectively comprise the State of New Mexico, Senate Chief Clerk's Office basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of New Mexico, Senate Chief Clerk's Office's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1.A., the financial statements of the State of New Mexico, Senate Chief Clerk's Office are intended to present the financial position and changes in financial position of only that portion of the governmental activities and major fund of the State of New Mexico that is attributable to the transactions of the State of New Mexico, Senate Chief Clerk's Office. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2011, and changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund (general fund) of the State of New Mexico, Senate Chief Clerk's Office, as of June 30, 2011, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report dated October 21, 2011, on our consideration of the State of New Mexico, Senate Chief Clerk's Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 21, 2011

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2011**

OVERVIEW

Our discussion and analysis of the State of New Mexico, Senate Chief Clerk's Office's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2011. It should be read in conjunction with the financial statements, which follow this discussion and analysis. This document will assist the reader in the following:

- Highlight significant financial issues;
- Provide an overview of the Agency's financial activity;
- Identify changes in the Agency's financial position;
- Identify any material deviation from the approved budget; and
- Identify issues and concerns.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the State of New Mexico, Senate Chief Clerk's Office as a whole and present a longer-term view of its finances. Fund financial statements, for governmental activities, tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the State of New Mexico, Senate Chief Clerk's Office's operations in more detail than the government-wide statements by providing information about the most significant funds. Financial data presented in these financial statements is for the activities of the State of New Mexico, Senate Chief Clerk's Office as a single agency.

Government-Wide Financial Statements

The government-wide financial statements report all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All current year revenues and expenses are reported regardless of when cash is received or paid.

The government-wide financial statements include all activities of the State of New Mexico, Senate Chief Clerk's Office. State general fund appropriations finance most of these activities. The general fund is included in the government-wide financial statements.

Fund Financial Statements

The General Fund is considered to be a major fund because only individual governmental or individual enterprise funds can be considered for major fund status. The Senate Chief Clerk's governmental funds are required to be established by state law.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2011**

USING THIS ANNUAL REPORT (Cont'd)

Governmental funds - All of the Senate Chief Clerk's basic services are reported in governmental funds, which focus on the establishment of an appropriation by the state legislature and the expenditures of this money in accordance with a budget. Funds not expended at the year-end revert to the State General Fund. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The difference between governmental activities and governmental fund are reconciled.

SENATE CHIEF CLERK'S OFFICE AS A WHOLE

The purpose of the Senate Chief Clerk's Office service program is to provide statutorily authorized services, including constituent services, general correspondence, public outreach and pre-session planning through its permanent interim staff. (See Section 2-14-3 NMSA 1978.) The senate leadership staff are senate employees who work under the direction of their respective leaders and are budgeted through the office of the Senate Chief Clerk's Office.

Condensed Statement of Net Assets - Governmental Activities

	<u>FY 2011</u>	<u>FY 2010</u>	<u>Change</u>
Assets:			
Current assets	\$ 252,067	\$ 310,944	\$ (58,877)
Liabilities:			
Current	301,378	358,546	(57,168)
Long-term	<u>101,750</u>	<u>101,876</u>	<u>(126)</u>
Total liabilities	<u>403,128</u>	<u>460,422</u>	<u>(57,294)</u>
Net Assets:			
Unrestricted	<u>(151,061)</u>	<u>(149,478)</u>	<u>(1,583)</u>
Total net assets	<u>\$ (151,061)</u>	<u>\$ (149,478)</u>	<u>\$ (1,583)</u>

As summarized in the above table, Net Assets represent the difference between assets and liabilities of the Senate Chief Clerk. The deficit presented in net assets does not mean the agency overspent its funding authority. It represents the estimated future cost of compensated absences that will be funded and paid from future appropriations. Compensated absences represent the amount accrued but unused leave time at current rates to be paid from future appropriations.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2011**

SENATE CHIEF CLERK'S OFFICE AS A WHOLE (Cont'd)

The decrease in government-wide net assets of \$1,583 is attributable to changes in compensated absences.

	<u>FY 2011</u>	<u>FY 2010</u>	<u>Change</u>
General revenues and transfers:			
State General Fund appropriations, net of reversions	\$ <u>872,139</u>	\$ <u>905,310</u>	\$ <u>(33,171)</u>
Total general revenues and transfers	872,139	905,310	(33,171)
Expenses:			
Legislative - Administrative services	<u>873,722</u>	<u>938,946</u>	<u>(65,224)</u>
Change in net assets	<u>(1,583)</u>	<u>(33,636)</u>	<u>32,053</u>
Net Assets:			
Net assets, beginning, as reported	(149,478)	(75,109)	(74,369)
Restatements:			
Prior period adjustment, compensated absences	<u>-</u>	<u>(40,733)</u>	<u>40,733</u>
Net assets, beginning, as restated	<u>(149,478)</u>	<u>(115,842)</u>	<u>(33,636)</u>
Net assets, ending	\$ <u><u>(151,061)</u></u>	\$ <u><u>(149,478)</u></u>	\$ <u><u>(1,583)</u></u>

The Senate Chief Clerk's total expenses for governmental-type activities during the fiscal year include an accrual for compensated absences. The negative change in net assets does not reflect an over-expenditure of appropriated funds, but reflects the reporting difference from a budgetary basis of accounting to a full accrual method of accounting that more closely resembles for-profit businesses.

Revenues decreased by \$33,171 and expenses decreased by \$65,224. The changes in revenues and expenses was not significant.

ANALYSIS OF FINANCIAL POSITION

The Senate Chief Clerk receives 100% of its governmental funds from state general fund appropriations from the state legislature. These funds are expended by the Senate Chief Clerk based on a budget submitted and approved by the state legislature and the Governor. The financial position of the State of New Mexico, Senate Chief Clerk's Office has remained stable as a result of this year's operations.

STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2011

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The Senate Chief Clerk maintains one governmental fund. The governmental fund receives an appropriation from the state legislature and the expenditures of this money are in accordance with a budget. Unused appropriations at year end revert to the State General Fund.

The State of New Mexico, Senate Chief Clerk's Office operates one governmental fund in which all activity related to Chief Clerk's Office is recorded. The following summary presents the difference between results of operations for the governmental activities in the Statement of Net Assets, compared to the Statement of Revenues and Expenditures in the fund statements.

Governmental fund expenditures differs from the government-wide expenses as follows:

	<u>FY 2011</u>	<u>FY 2010</u>	<u>Change</u>
Governmental funds expenditures	\$ 872,139	\$ 905,310	\$ (33,171)
Increase (decrease) in liability for compensated absences payable	<u>1,583</u>	<u>33,636</u>	<u>(32,053)</u>
Government-wide expenses	<u>\$ 873,722</u>	<u>\$ 938,946</u>	<u>\$ (65,224)</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The annual operating budget is monitored by the Department of Finance and Administration. During the fiscal year, the original budget was decreased by \$36,700 as a result of budget cuts indicated by the State Legislature and the Governor of the State of New Mexico. Comparison of actual expenditures on a budgetary basis to approved budget amounts is presented below:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>
Personal services/employee benefits	\$ 916,100	\$ 895,960	\$ 821,036
Contractual services	187,550	173,750	34,766
Other	<u>26,450</u>	<u>23,690</u>	<u>16,337</u>
Total	<u>\$ 1,130,100</u>	<u>\$ 1,093,400</u>	<u>\$ 872,139</u>

The budget is projected for the appropriation process during the Legislative Session. Actual amounts will vary from the projection. Any unexpended appropriations revert to the General Fund.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2011**

CAPITAL ASSET ADMINISTRATION

The Senate Chief Clerk's Office has no capital assets valued at \$5,000 and over which would require to be capitalized and depreciated.

LONG-TERM DEBT

The Senate Chief Clerk's Office had long-term debt at June 30, 2011, for compensated absences payable (employee annual and sick leave payable) amounting to \$101,750. The adjusted balance at June 30, 2010, was \$101,876. This was not a significant decrease from the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The appropriations made for FY 2012 from the State General Fund in Laws 2011, Chapter 1, Sections 3 (A), 4, 5, 6, 7 and 8 operating budgets were reduced in Laws 2011, Section 10 of Chapter 179 to decrease the employer contribution rates under the public employee retirement act, operating budgets were also reduced to effectuate the reduced unemployment compensation assessments due to a contract cancellation at the general services department. These reductions were made in the personal services and employee benefits category.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, customers, legislators and creditors with a general overview of the Senate Chief Clerk's finances and to demonstrate the Senate Chief Clerk's accountability for the funds it receives. If you have any questions about this report or need additional financial information contact:

**Senate Chief Clerk's Office
100 State Capitol
Santa Fe, NM 87501 (505) 986-4751
lenore.naranjo@nmlegis.gov**

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Statement of Net Assets
June 30, 2011**

	<u>Governmental Activities</u>
Assets:	
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ 249,950
Due from other state agencies (note 6)	<u>2,117</u>
Total assets	<u>252,067</u>
Liabilities:	
Accounts payable	4,738
Accrued salaries payable	19,501
Payroll taxes payable	2,664
Payroll benefits payable	2,914
Due to other state agencies	989
Due to State General Fund (note 4)	221,261
Compensated absences payable:	
Due within one year	49,311
Due after one year	<u>101,750</u>
Total liabilities	<u>403,128</u>
Net Assets:	
Unrestricted (deficit) (note 10)	<u>(151,061)</u>
Total net assets	<u>\$ (151,061)</u>

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

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Statement of Activities
For the Year Ended June 30, 2011**

	<u>Governmental Activities</u>
Expenses:	
Legislative:	
Administrative services	\$ <u>873,722</u>
Total expenses	<u>873,722</u>
General revenues and transfers:	
Transfers:	
State General Fund appropriations	1,130,100
Operating transfers out - reversions - fiscal year 2011	<u>(257,961)</u>
Total general revenues and transfers	<u>872,139</u>
Change in net assets	(1,583)
Net Assets:	
Net assets, beginning	<u>(149,478)</u>
Net assets, ending	<u><u>\$ (151,061)</u></u>

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

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Balance Sheet
Governmental Funds
June 30, 2011**

		<u>Fund 74300 General Fund</u>
Assets:		
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$	249,950
Due from other state agencies (note 6)		<u>2,117</u>
	\$	<u><u>252,067</u></u>
Liabilities:		
Accounts payable	\$	4,738
Accrued salaries payable		19,501
Payroll taxes payable		2,914
Payroll benefits payable		2,664
Due to other state agencies		989
Due to State General Fund (note 4)		<u>221,261</u>
Total liabilities		<u><u>252,067</u></u>
Fund Balances:		
Unassigned		<u>-</u>
Total fund balances		<u>-</u>
Total liabilities and fund balances	\$	<u><u>252,067</u></u>
Amounts reported for governmental activities in the Statement of Net Assets differ because:		
Fund Balances - Governmental Funds (Exhibit C)	\$	-
Compensated absences are not reported in the fund financial statements		<u>(151,061)</u>
Net assets of Governmental Activities (Exhibit A)	\$	<u><u>(151,061)</u></u>

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

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2011**

	<u>Fund 74300 General Fund</u>
Expenditures:	
Legislative:	
Current:	
Personal services and employee benefits	\$ 821,036
Contractual services	34,766
Other	<u>16,337</u>
Total expenditures	<u>872,139</u>
Other Financing Sources (uses):	
Transfers:	
State General Fund appropriations	1,130,100
Reversions - Fiscal Year 2011 (note 4)	<u>(257,961)</u>
Total other financing sources (uses)	<u>872,139</u>
Net change in fund balance	-
Fund Balances:	
Fund balance, beginning	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>
Amounts reported for governmental activities in the statement of activities differ because:	
Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$ -
The change in compensated absences reported in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,583)</u>
Change in Net Assets - Governmental Activities (Exhibit B)	<u><u>\$ (1,583)</u></u>

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

STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Statement of Revenues and Expenditures - Budget and Actual (Budget Basis)
General Fund (Fund 74300)
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State General Fund	\$ 1,130,100	\$ 1,093,400	\$ 1,130,100	\$ 36,700
Total revenues	<u>\$ 1,130,100</u>	<u>\$ 1,093,400</u>	<u>\$ 1,130,100</u>	<u>\$ 36,700</u>
Expenditures:				
Personal services and employee benefits	\$ 916,100	\$ 895,960	\$ 821,036	\$ 74,924
Contractual services	187,550	173,750	34,766	138,984
Other	<u>26,450</u>	<u>23,690</u>	<u>16,337</u>	<u>7,353</u>
Total expenditures	<u>\$ 1,130,100</u>	<u>\$ 1,093,400</u>	<u>\$ 872,139</u>	<u>\$ 221,261</u>
Reconciliation of GAAP basis to budget basis:			<u>Revenues</u>	<u>Expenditures</u>
GAAP basis			\$ 1,130,100	\$ 872,139
Adjustments: None			<u>-</u>	<u>-</u>
Budget basis			<u>\$ 1,130,100</u>	<u>\$ 872,139</u>

Note:

The actual expenditures on the budget basis do not include any accounts payable that required a request to pay prior-year bills out of the FY 2012 budget.

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

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2011**

1. Summary of Organization and Significant Accounting Policies

The financial statements of the State of New Mexico, Senate Chief Clerk's Office (Senate Chief Clerk) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements for the year ended June 30, 2011, represent fiscal year 2011 of the State of New Mexico. The more significant accounting policies of the Senate Chief Clerk are described below:

A. Financial Reporting Entity

The Senate Chief Clerks' Offices Interim Funds of the Senate was created by the Laws of 1993, Chapter 3, Sections 1-4, (Section 2-14-1 to 2-14-4, New Mexico Statutes Annotated, 1978 Compilation).

During the interim, the chief clerk elected by the Senate shall perform the following duties:

1. Assistance with general correspondence, within guidelines of the Legislative Council;
2. Conduct pre-session training for the staff of the respective houses;
3. Perform pre-session duties necessary to assist the legislature in preparing for session in accordance with directions of the Legislative Council and in coordination with the Legislative Senate Chief Clerk;
4. Perform routine legislative requests for constituents regarding the availability of and access to existing programs and services of state government within guidelines established by the Legislative Council;
5. Maintain accurate inventories of the property of the respective houses in cooperation with the Legislative Council Service;
6. Perform public outreach functions necessary to educate the public about the legislature and the respective houses, including coordinating with the state department of public education and post-secondary educational institutions on educational program development regarding the legislative branch of government;
7. Serve on the coordinating group of the integrated legislative information system; and
8. Receive requests from members of the Senate for changes affecting the members' office spaces in the State Capitol prior to the request being presented to the building subcommittee of the Legislative Council.

The Senate Chief Clerk is a component unit of the primary government, State of New Mexico. These financial statements present the financial position and results of operations of only those Statewide Human Resources, Accounting and Management Reporting System (SHARE) funds over which the Senate Chief Clerk has oversight responsibility. The Senate Chief Clerk does not have any component units.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2011**

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

B. Basic Financial Statements - Government-Wide Statements

The Senate Chief Clerk's basic financial statements include both government-wide (reporting the Senate Chief Clerk as a whole, excluding fiduciary activities) and fund financial statements (reporting the Senate Chief Clerk's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The Senate Chief Clerk's general fund is classified as a governmental activity.

In the government-wide Statement of Net Assets, the governmental column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Senate Chief Clerk's net assets are reported as unrestricted net assets.

The government-wide Statement of Activities reports the gross cost of the Senate Chief Clerk's function. The function is supported by general government revenues (intergovernmental revenues). This government-wide focus is more on the sustainability of the Senate Chief Clerk as an entity and the change in the Senate Chief Clerk's net assets resulting from the current year's activities. When an expense is incurred for purposes for which both unrestricted and restricted net assets are available, restricted net assets are used first, then unrestricted.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Senate Chief Clerk are reported in the individual fund financial statements. The accounts of the Senate Chief Clerk are maintained on the basis of funds as established by state statutes or account groups, 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. Government resources are allocated to and accounted for in individual funds based on the appropriate state statutes and the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are utilized by the Senate Chief Clerk:

Governmental Funds

The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Senate Chief Clerk:

General Fund - The General Fund (Fund 74300) is the general operating fund and only major fund of the Senate Chief Clerk. The fund is used to account for all financial resources except those required to be accounted for in another fund. Unexpended and uncommitted appropriations remaining in this fund at year end revert to the State General Fund.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2011**

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

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The governmental fund of the Senate Chief Clerk's Office follows FASB statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Accrual

Governmental activities in the government-wide financial statements are presented using the economic resources focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented using the current financial resource measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

E. Investment in the State Treasurer General Fund Investment Pool

Pooled cash and investments are on deposit with the State of New Mexico, Office of the State Treasurer General Fund investment pool. The State Treasurer's scope of authority for the types of investments which may be made with state funds is statutorily defined and governed by the State Treasurer's Investment Policy approved by the State Board of Finance.

F. Net Assets/Fund Equity/Fund Balances

In the government-wide financial statements, net assets consist of three components: invested in capital assets, net of related debt; restricted; and unrestricted. The Senate Chief Clerk's Office has no capital assets, and no restricted assets. Therefore, all remaining net assets are reported as unrestricted.

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

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2011**

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

F. Net Assets/Fund Equity (Cont'd)

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 is the most limited amounts and are legally or contractually required to stay intact.

The spendable fund categories can be depicted as follows:

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

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

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

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

The Senate Chief Clerk would typically use *restricted* fund balances first, followed by *committed* resources, and then *assigned* resources, as appropriate opportunities arise, but reserves the right to selectively spend *unassigned* resources first to defer the use of these other classified funds.

G. Capital Assets

Capital assets are recorded as expenditures in the governmental funds and capitalized at cost in the Statement of Activities. The valuation basis for capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: furniture and fixtures, 10-12 years. During the 2005 Regular Legislative Session, HB 1074 amended Section 12-6-10, NMSA 1978, changing the capitalization threshold for movable chattel and equipment from items costing more than \$1,000 to items costing more than \$5,000 effective June 17, 2005.

STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2011

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

H. Compensated Absences

Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities. The expense is reported for these amounts in the Statement of Activities. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that employees may convert to cash.

I. Budgetary Procedures and Accounting

The Senate Chief Clerk follows these procedures in establishing the budgetary data reflected in the financial statements:

The State Legislature makes annual appropriations for the Senate Chief Clerk's Office. Legal compliance is monitored through the establishment of a budget and a financial control system which permits budget-to-actual comparison. Expenditures by "appropriation unit" may not legally exceed appropriations. Budgeted line-item classifications may be amended upon approval from the State Budget Division.

The basis of accounting for the budget, as appropriated by the State Legislature and approved by the State Budget Division, differs from the basis of accounting required by GAAP. The budget for the General Fund is adopted on a modified accrual basis of accounting. However, there is statutory exception. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable require approval to pay prior year bills out of the FY 2012 budget. At June 30, 2011, there were none. Reconciling items between the budget basis to GAAP basis of accounting are reflected in the Statement of Revenue and Expenditures - Budget and Actual.

All of the unexpended and unreserved appropriations made to the Senate Chief Clerk revert to the State General Fund.

2. Investment in the State Treasurer General Fund Investment Pool

Pooled cash and investments of \$249,950 are on deposit with the State of New Mexico, Office of the State Treasurer General Fund investment pool. In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50 percent. Pooled cash and investments is comprised of the reconciled account balance at the State of New Mexico, Office of the State Treasurer, Senate Interim account #74300.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
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June 30, 2011**

2. Investment in the State Treasurer General Fund Investment Pool (Cont'd)

The State Treasurer's General Fund investment pool June 30, 2011, audited financial statements were not available as of June 30, 2011. Based on the State Treasurer's unaudited information, the management of the Senate Chief Clerk has presented pooled cash and investments at a value which approximates fair value as required by GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

<u>Name of Depository</u>	<u>Account Name</u>	<u>Agency Number</u>	<u>SHARE Fund #</u>	<u>Balance per Depository Investment Pool</u>	<u>Balance per Books</u>
State Treasurer	State of NM Senate Chief Clerk	11400	74300	\$249,950	\$249,950

3. Long-Term Liabilities

Qualified employees are entitled to accumulate annual leave as follows: Unlimited accumulated annual leave may be carried forward into the beginning of the calendar year. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours.

Qualified employees are entitled to accumulate sick leave at the rate of 3.69 hours per pay period. Employees who have accumulated 600 hours of unused sick leave are entitled to be paid for unused sick leave in excess of 600 hours at a rate equal to fifty percent (50%) of their hourly rate of pay for up to 120 hours of sick leave. Payment for unused sick leave may be made only once per fiscal year on either the payday immediately following the first full pay period in January or the first full pay period in July.

Immediately prior to retirement from the service, employees who have accumulated 600 hours of unused sick leave are entitled to be paid for unused sick leave in excess of 600 hours at a rate equal to fifty percent (50%) of their hourly rate for up to 400 hours of sick leave.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	<u>Balance 6/30/2010</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance 6/30/2011</u>
Compensated absences	\$ <u>149,478</u>	\$ <u>49,754</u>	\$ <u>(48,171)</u>	\$ <u>151,061</u>
Current	\$ 47,602			\$ 49,311
Long-term	<u>101,876</u>			<u>101,750</u>
	\$ <u>149,478</u>			\$ <u>151,061</u>

The General Fund is used to liquidate long-term liabilities.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2011**

4. Reversions and Due to State General Fund

Reversions and the amount Due to the State General Fund from unused appropriations are comprised of the following at June 30, 2011:

		Total
Due to State General Fund, June 30, 2010		\$ 270,590
Additions:		
Reversion - FY 2011	Unexpended budget balance	\$ 221,261
Reversion - FY 2011	Budget reductions per Laws 2010, Ch. 6 SS	<u>36,700</u> 257,961
Payments - FY 2010	Transfer to State General Fund for FY 2010	(270,590)
	Transfer to the State General Fund for budget	
Payments - FY 2011	reductions per Laws 2010, Ch. 6 SS	<u>(36,700)</u> (307,290)
Due to State General Fund, June 30, 2011		<u>\$ 221,261</u>

The State General Fund appropriation was \$1,130,100. Budget reductions of \$36,700 were reverted during the year, leaving a balance of \$1,093,400. The unexpended portion was \$221,261, for a net State General Fund appropriation of \$872,139.

5. Transfers

Actual inter-agency transfers for the year ended June 30, 2011, consist of the following:

To		From		Purpose
Agency/Fund	Amount	Agency/Fund	Amount	
11400/74300	\$ 1,130,100	34100/85300	\$ 1,130,100	General Fund appropriation (Laws 2010, Ch. 1, Sec. 8)
11400/74300	158	35000/19704	158	EAP Refunds for FY08, FY09 and FY10
11100/12900	102	11400/74300	102	Correct posting error
34100/85300	270,590	11400/74300	270,590	FY10 General Fund Reversion
34100/85300	36,700	11400/74300	36,700	Appropriation reduction per Laws 2010, 2nd SS, Ch. 6, Sec. 14
34100/85300	158	11400/74300	158	Reversion of EAP Refunds for FY08, FY09 and FY10
34100/85300	<u>64</u>	11400/74300	<u>64</u>	Prior-year revenue reversion
	<u>\$ 1,437,872</u>		<u>\$ 1,437,872</u>	

6. Due From Other State Agencies/Due to Other State Agencies

An amount of \$2,117 is owing from the New Mexico Department of Finance and Administration (Central Payroll), \$1,527 resulting from incorrect posting errors made by the DFA to the payroll tax and employee benefits liability accounts in the Statewide Human Resource, Accounting and Management Reporting System (SHARE), and \$590 from the Legislative Finance Committee.

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

7. Pension Plan - Public Employees Retirement Association

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

Funding Policy. Plan members are required to contribute 8.92% (ranges from 4.0% to 16.65% depending upon the plan, i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The Senate Chief Clerk is required to contribute 15.09% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the Senate Chief Clerk's are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Senate Chief Clerk's contributions to PERA for the fiscal years ending June 30, 2011, 2010 and 2009 were \$92,351, \$92,671, and \$101,182, respectively, which equal the amount of the required contributions for each fiscal year.

8. Post Employment Benefits - State Retiree Health Care Plan

Plan Description. The Senate Chief Clerk's Office contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2011**

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

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

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

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Senate Chief Clerk's Office contributions to the RHCA for the years ended June 30, 2011, 2010, and 2009 were \$10,131, \$7,634, and \$7,102, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2011

9. Risk Management

The Senate Chief Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the agency carries insurance (Workers Compensation, Unemployment Compensation, Employee Liability, and Transportation Property) with the State of New Mexico Risk Management Division (RMD) of the General Services Department.

10. Net Assets Deficit Balance

GASB #34 requires capitalized assets, net of accumulated depreciation, and the inclusion of long-term debt in the Government-wide financial statements, resulting in an unrestricted net asset deficit of (\$151,061). This deficit is created by the compensated absence payable liability of \$151,061 at June 30, 2011, which will be paid from subsequent years State General Fund Appropriations.

OTHER REPORTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

State of New Mexico
Senate Chief Clerk's Office
and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, the major fund, (general fund) and the respective budgetary comparison of the State of New Mexico, Senate Chief Clerk's Office, a component unit of the State of New Mexico, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of entity's deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



Compliance and Other Matters

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

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 21, 2011

STATE OF NEW MEXICO
Senate Chief Clerk's Office
Schedule of Findings and Responses
June 30, 2011

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

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

None

STATE OF NEW MEXICO
Senate Chief Clerk's Office
June 30, 2011

Financial Statement Preparation

The financial statements were prepared by the Legislative Council Service staff. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance. Management has reviewed and approved the financial statements.

The Legislative Council Service staff has prepared the Management's Discussion and Analysis.

Exit Conference

An exit conference was held on November 8, 2011, to discuss the audit. The following individuals were in attendance:

State of New Mexico - Senate Chief Clerk

Senator Timothy Z. Jennings, President Pro-Tempore of the Senate
Lenore Naranjo, Senate Chief Clerk
Raul Burciaga, Director, Legislative Council Service
Kathy Pacheco-Dofflemeyer, Assistant Director for Administration-Legislative Council Service

Audit Firm (Robert J. Rivera, CPA, PC)

Robert J. Rivera, CPA
William J. Valdes