

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

**Financial Statements
For the Year Ended June 30, 2013**

(With Independent Auditor's Report Thereon)

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

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STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
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June 30, 2013

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STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Official Roster
June 30, 2013

SENATE CHIEF CLERK'S OFFICE

Lenore Naranjo Chief Clerk

Senator Mary Kay Papen President Pro-Tempore

LEGISLATIVE COUNCIL SERVICE

Raul E. Burciaga Director

FINANCIAL SECTION

ROBERT J. RIVERA, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS
6 CALLE MEDICO, SUITE 4
SANTA FE, NEW MEXICO 87505-4761

(505) 983-6002

FAX (505) 983-6474

INDEPENDENT AUDITOR'S REPORT

Senator Mary Kay Papen, President Pro-Tem of the Senate
and

Lenore Naranjo, Senate Chief Clerk
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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund (general fund), the aggregate remaining fund information, and the budgetary comparison for 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, 2013, and the related notes to the financial statements which collectively comprise the State of New Mexico, Senate Chief Clerk's Office's basic financial statements 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.

Auditor's 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 of 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 auditor's 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 of the entity's internal control. 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 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 that 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, the major fund (general fund) and the aggregate remaining fund information of the State of New Mexico, Senate Chief Clerk's Office, as of June 30, 2013, and the respective changes in financial position thereof, and the respective budgetary comparison statement for the general fund 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 require that the management's discussion and analysis on pages vii through xi 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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 Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated November 7, 2013, 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**, in considering the State of New Mexico, Senate Chief Clerk's Office's internal control over financial reporting and compliance.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 7, 2013

STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2013

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, 2013. 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 Position 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, 2013

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 funds 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 Position - Governmental Activities

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Change</u>
Assets:			
Current assets	\$ 339,910	\$ 320,766	\$ 13,144
Liabilities:			
Current	\$ 379,882	\$ 366,955	\$ 12,927
Long-term	117,241	105,205	12,036
Total liabilities	<u>497,123</u>	<u>472,160</u>	<u>24,963</u>
Net Position:			
Unrestricted (deficit)	<u>(163,213)</u>	<u>(151,394)</u>	<u>(11,819)</u>
Total net position	<u>(163,213)</u>	<u>(151,394)</u>	<u>(11,819)</u>
Total liabilities and net position	<u>\$ 339,910</u>	<u>\$ 320,766</u>	<u>\$ 13,144</u>

As summarized in the above table, Net Position represent the difference between assets and liabilities of the Senate Chief Clerk. The deficit presented in net position 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, 2013

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

The decrease in government-wide net position of \$11,819 is attributable to changes in compensated absences and a forty-four-dollar expenditure paid out of fiscal year 2014 funds.

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Change</u>
General revenues and transfers:			
General Fund appropriation, net of reversion	\$ <u>797,328</u>	\$ <u>813,893</u>	\$ <u>(16,565)</u>
Total general revenues and transfers	<u>797,328</u>	<u>813,893</u>	<u>(16,565)</u>
Expenses:			
Legislative - Administrative Services	<u>809,147</u>	<u>814,226</u>	<u>(5,079)</u>
Change in net position	(11,819)	(333)	(11,486)
Net Position:			
Net position, beginning	<u>(151,394)</u>	<u>(151,061)</u>	<u>(333)</u>
Net position, ending	<u>\$ (163,213)</u>	<u>\$ (151,394)</u>	<u>\$ (11,819)</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 position 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 \$16,565 and expenses decreased by \$5,079. The changes in revenues and expenses were due to budget reductions and a minimal increase in compensated absences.

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, 2013**

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 Position, 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 2013</u>	<u>FY 2012</u>	<u>Change</u>
Governmental funds expenditures	\$ 797,372	\$ 813,893	\$ (16,521)
Net increase (decrease) in compensated absences	<u>11,775</u>	<u>333</u>	<u>11,442</u>
Government-wide expenses	<u>\$ 809,147</u>	<u>\$ 814,226</u>	<u>\$ (5,079)</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The annual operating budget is monitored by the Department of Finance and Administration. 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	\$ 919,500	\$ 919,500	\$ 747,702
Contractual services	168,700	168,700	31,138
Other	<u>23,700</u>	<u>23,700</u>	<u>18,488</u>
Total	<u>\$ 1,111,900</u>	<u>\$ 1,111,900</u>	<u>\$ 797,328</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, 2013**

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, 2013, for compensated absences payable (employee annual and sick leave payable) amounting to \$117,241. The balance at June 30, 2012, was \$105,205. This was not a significant increase from the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The appropriations made for FY 2014 from the General Fund in Laws 2013, Chapter 1, Sections 3 (A) through 8 were increased due to an increase in insurance rate premiums and an average one percent salary increase for legislative employees in Laws 2013, Chapter 227, Sec. 8 (1). This increase was made by increasing budgets 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 Position
June 30, 2013

	<u>Governmental Activities</u>
Assets:	
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ <u>333,910</u>
Total assets	<u>\$ <u>333,910</u></u>
Liabilities:	
Accounts payable	\$ 6,179
Accrued salaries payable	5,768
Payroll taxes payable	3,093
Payroll benefits payable	4,342
Due to State General Fund (note 4)	314,572
Compensated absences: (note 3)	
Due within one year	45,928
Due after one year	<u>117,241</u>
Total liabilities	<u>497,123</u>
Net Position:	
Unrestricted (deficit) (note 9)	<u>(163,213)</u>
Total net position	<u>(163,213)</u>
Total liabilities and net position	<u>\$ <u>333,910</u></u>

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

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Statement of Activities
For the Year Ended June 30, 2013**

	<u>Governmental Activities</u>
Expenses:	
Legislative:	
Administrative services	\$ <u>809,147</u>
Total expenses	<u>809,147</u>
General revenues and transfers:	
Transfers:	
State General Fund appropriations	1,111,900
Operating transfers (out) - reversions - fiscal year 2013	<u>(314,572)</u>
Total general revenues and transfers	<u>797,328</u>
Change in net position	(11,819)
Net Position:	
Net position, beginning	<u>(151,394)</u>
Net position, ending	<u><u>\$ (163,213)</u></u>

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

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Balance Sheet
Governmental Funds
June 30, 2013**

	<u>Fund 74300</u> <u>General Fund</u>
Assets:	
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ <u>333,910</u>
	\$ <u><u>333,910</u></u>
Liabilities:	
Accounts payable	\$ 6,179
Accrued salaries payable	5,768
Payroll taxes payable	3,093
Payroll benefits payable	4,342
Due to State General Fund (note 4)	<u>314,572</u>
Total liabilities	<u>333,954</u>
Fund Balances:	
Unassigned	<u>(44)</u>
Total fund balances	<u>(44)</u>
Total liabilities and fund balances	<u><u>\$ 333,910</u></u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:

Fund Balances - Governmental Funds (Exhibit C)	\$ (44)
Compensated absences are not reported in the fund financial statements	<u>(163,169)</u>
Net position of Governmental Activities (Exhibit A)	<u><u>\$ (163,213)</u></u>

The accompanying notes are an integral part of these 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, 2013

	<u>Fund 74300</u> <u>General Fund</u>
Expenditures:	
Legislative:	
Current:	
Personal services and employee benefits	\$ 747,702
Contractual services	31,138
Other	<u>18,532</u>
Total expenditures	<u>797,372</u>
Other Financing Sources (uses):	
Transfers:	
State General Fund appropriations	1,111,900
Reversions - Fiscal year 2013 (note 4)	<u>(314,572)</u>
Total other financing sources (uses)	<u>797,328</u>
Net change in fund balance	(44)
Fund Balances:	
Fund balance, beginning	<u>-</u>
Fund balance, ending	<u>\$ (44)</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different because:	
Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$ (44)
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>(11,775)</u>
Change in Net Position - Governmental Activities (Exhibit B)	\$ <u>(11,819)</u>

The accompanying notes are an integral part of these 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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State General Fund	\$ 1,111,900	\$ 1,111,900	\$ 1,111,900	\$ -
Total revenues	<u>\$ 1,111,900</u>	<u>\$ 1,111,900</u>	<u>\$ 1,111,900</u>	<u>\$ -</u>
Expenditures:				
Personal services and employee benefits	\$ 919,500	\$ 919,500	\$ 747,702	\$ 171,798
Contractual services	168,700	168,700	31,138	137,562
Other	<u>23,700</u>	<u>23,700</u>	<u>18,488</u>	<u>5,212</u>
Total expenditures	<u>\$ 1,111,900</u>	<u>\$ 1,111,900</u>	<u>\$ 797,328</u>	<u>\$ 314,572</u>

Reconciliation of GAAP basis to budget basis:		<u>Revenues</u>	<u>Expenditures</u>
GAAP basis		\$ 1,111,900	\$ 797,372
Adjustments:			
FY 2013 expenditure expenditures to be paid out of 2014 budget		-	(44)
Budget basis		<u>\$ 1,111,900</u>	<u>\$ 797,328</u>

Note:

The actual expenditures on the budget basis for FY 2013 do not include \$44 accounts payable that required a request to pay prior-year bills out of the FY 2014 budget.

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

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2013**

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, 2013, represent fiscal year 2013 of the Senate Chief Clerk. 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, 2013**

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 Position, 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 position are reported as unrestricted net position.

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 position resulting from the current year's activities. When an expense is incurred for purposes for which both unrestricted and restricted net position are available, restricted net position 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, 2013

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 Position/Fund Equity/Fund Balances

In the government-wide financial statements, net position 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 position are reported as unrestricted.

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definition, was implemented by the Senate Chief Clerk's Office 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, 2013

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

F. **Net Position/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, 5-12 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, 2013

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 2013 budget. At June 30, 2013, there was one request for \$44. 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**

State law (Section 8-6-3 NMSA 1978) requires the Senate Chief Clerk's Office cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Senate Chief Clerk's Office consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
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2. Investment in the State Treasurer General Fund Investment Pool (Cont'd)

Pooled cash and investments of \$333,910 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.

The June 30, 2013 State Treasurer's General Fund Investment Pool audited financial statements were not available as of November 7, 2013. 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	\$333,910	\$333,910

Interest Rate Risk - The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk - The New Mexico State Treasurer pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2013.

State General Fund Investment Pool

For cash management and investment purposes, funds of various state agencies are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2013**

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

Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post-specific allocation to Pool participants will be reported in the State General Fund.

Management in FY 2012 recorded a loss contingency of \$101.7 million in the General Fund based on its estimate of the effect of issues related to the reconciliation of the Pool, that estimate is still current. Because no specific loss amount is determinable, consistent with generally accepted accounting principles, the amount accrued is the minimum amount that management considers to be probable. Ultimately, the loss could exceed the amount accrued, perhaps by a substantial amount.

The Senate Chief Clerk's Office has reconciliation policies and procedures in place which are performed on a monthly basis to ensure that the agency's cash balances in SHARE are correct and to mitigate the risk that the agency's cash balances would not be misstated as of June 30, 2013.

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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, generally up to a maximum of 240 hours. However, it has been the accepted practice in coordination with and approval of leadership that, under extenuating circumstances, compensation for accumulated unpaid leave may exceed 240 hours for reasons including timing and circumstances of the termination (e.g., session or changes in chief clerk or leadership), availability of funding from one fiscal year to the next and the needs of the legislative office from which the employee is terminating.

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, 2013:

	Audit Balance 6/30/2012	Additions	(Deletions)	Balance 06/30/2013
Compensated absences:	\$ 151,394	\$ 48,633	\$ (36,857)	\$ 163,169
Current	\$ 46,189			\$ 46,189
Long-term	105,205			117,241
	<u>\$ 151,394</u>			<u>\$ 163,169</u>

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

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, 2013:

Due to State General Fund, June 30, 2012	\$287,207
Changes:	
Reversion - FY 2013 - Unexpended budget balance	314,572
Payments - FY 2012 - Transfer to State General Fund for FY 2012	<u>(287,207)</u>
Due to State General Fund, June 30, 2013	<u>\$314,572</u>

STATE OF NEW MEXICO
 SENATE CHIEF CLERK'S OFFICE
 Notes to the Financial Statements
 June 30, 2013

4. **Reversions and Due to State General Fund (Cont'd)**

The State General Fund appropriation was \$1,111,900 and the unexpended portion was \$314,572, for a net State General Fund appropriation of \$797,328.

5. **Transfers**

Actual inter-agency transfers for the year ended June 30, 2013, consist of the following:

To		From		Purpose
Agency/Fund	Amount	Agency/Fund	Amount	
11400/74300	\$ 1,111,900	34101/85300	\$ 1,111,900	General Fund appropriation (Laws 2012, CH. 1, Sec. 8)
35000/35903	1,912	11400/74300	1,912	FY 13 GSD Premiums (WC, Gen. Liab., Civil Rights & Crime)
11400/74300	1,912	35000/35903	1,912	FY 13 GSD Premiums reversal
35000/35303	75	11400/74300	75	FY 13 unemployment comp.
35000/35903	399	11400/74300	399	FY 13 GSD Premiums (WC)
35000/35703	1,013	11400/74300	1,013	FY 13 GSD Premiums (Gen. Liability)
35000/35704	500	11400/74300	500	FY 13 GSD Premiums (Crime)
11400/74300	14	11500/74440	14	Water cooler rental correction
11500/74400	2	11400/74300	2	Albq. Journal refund Bus. Unit correction
34101/85300	287,207	11400/74300	287,207	Reversion of FY 2012 appropriation
	<u>\$ 1,404,933</u>		<u>\$ 1,404,933</u>	

6. **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 3.83% 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, 2013, 2012 and 2011 were \$85,625, \$77,479, and \$92,351, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
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June 30, 2013

7. 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.

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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2013**

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

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Senate Chief Clerk's Office contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$11,356, \$10,596, and \$10,131, respectively, which equal the required contributions for each year.

8. 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.

There are no pending or known threatened legal proceedings involving material matters to which the Senate Chief Clerk's Office is a party.

9. Net Position 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 (\$163,213). This deficit is created by the compensated absence payable liability of \$163,169 at June 30, 2013, which will be paid from subsequent years State General Fund Appropriations, and a portion of accounts payable (\$44) which will be paid out of the FY 2014 appropriation budget.

STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2013

10. Accounting Standards Pronouncements Adopted

During the fiscal year 2013 the Senate Chief Clerk's Office adopted the following GASB statement:

GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

11. Subsequent Events Review

A review of subsequent events through November 7, 2013, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure.

12. Subsequent Accounting Standard Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for financial statements for period beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This statement amends the net assets reporting requirements in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure of net position, rather than net assets. The Senate Chief Clerk's Office has made the change.

OTHER REPORTS

ROBERT J. RIVERA, CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS
6 CALLE MEDICO, SUITE 4
SANTA FE, NEW MEXICO 87505-4761

(505) 983-6002

FAX (505) 983-6474

INDEPENDENT AUDITOR'S 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

Senator Mary Kay Papen, President Pro-Tem of the Senate
and

Lenore Naranjo, Senate Chief Clerk
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, 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, the major fund (general fund), the aggregate remaining fund information, the budgetary comparison statement for the general fund of the State of New Mexico, Senate Chief Clerk's Office, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State of New Mexico, Senate Chief Clerk's Office's basic financial statements, and have issued our report thereon dated November 7, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of New Mexico, Senate Chief Clerk's Office'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 on the effectiveness of the State of New Mexico, Senate Chief Clerk's Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of New Mexico, Senate Chief Clerk's Office'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 a combination of 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. 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. 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 State of New Mexico, Senate Chief Clerk's Office's financial statements are free from 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**.

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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 7, 2013

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Schedule of Findings and Responses
June 30, 2013**

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, 2013

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 12, 2013, to discuss the audit. The following individuals were in attendance:

State of New Mexico - Senate Chief Clerk

Senator Mary Kay Papen, President Pro-Tempore of the Senate
Lenore Naranjo, Senate Chief Clerk
Angie Garcia, Senate Chief Clerk's Office Staff
Raul Burciaga, Director, Legislative Council Service
Kathy Pacheco-Dofflemeyer, Assistant Director for Administration-Legislative Council Service
Anesa Serna, Legislative Council Service - Accounting

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

Robert J. Rivera, CPA
William J. Valdes