

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

**Financial Statements
For the Year Ended June 30, 2015**

(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
Table of Contents
June 30, 2015**

Introductory Section	<u>Page</u>
Title Page	i
Table of Contents	ii-iii
Official Roster	iv

Financial Section

Independent Auditor's Report	v-vii
Management's Discussion and Analysis	viii-xii

Basic Financial Statements:

Government-wide Financial Statements

Exhibit

Statement of Net Position	A	1
Statement of Activities	B	2

Fund Financial Statements

Balance Sheet – Governmental Funds	C	3
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	D	4
Statement of Revenues and Expenditures Budget and Actual (Budget Basis)	E	5
Notes to the Financial Statements		6-17

Supplemental Section

Supplementary Information

Schedule

Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding Gross Receipts Tax)	1	18
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Other Reports

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 <i>Government Auditing Standards</i>	19-20
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**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Table of Contents
June 30, 2015**

Other Reports (Cont'd)

Schedule of Findings and Responses	21
Financial Statement Preparation and Exit Conference	22

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Official Roster
June 30, 2015**

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

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Santa Fe, New Mexico 87505-4761

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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. Tim Keller

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, 2015, 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 Senate Chief Clerk's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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, 2015, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 viii through xii 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 Information

Our audit was conducted for the purpose of forming opinions on the State of New Mexico, Senate Chief Clerk's Office financial statements and individual fund financial statements and the budgetary comparisons. The other schedule (Schedule of Vendor Information for Purchases Exceeding \$60,000) required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

The other schedule (Schedule of Vendor Information for Purchases Exceeding \$60,000) required by Section 2.2.2 NMAC is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements

or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the other schedule (Schedule of Vendor Information for Purchases Exceeding \$60,000) required by Section 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated November 16, 2015, 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 16, 2015

STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2015

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, 2015. 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. It does not purport to present the State of New Mexico as a whole.

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, 2015**

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 2015</u>	<u>FY 2014</u>	<u>Change</u>
Assets:			
Current assets	\$ <u>275,876</u>	\$ <u>310,314</u>	\$ <u>(34,438)</u>
Liabilities:			
Current	\$ 314,353	\$ 361,179	\$ (46,826)
Long-term	<u>124,028</u>	<u>137,903</u>	<u>(13,875)</u>
Total liabilities	<u>438,381</u>	<u>499,082</u>	<u>(60,701)</u>
Net Position:			
Unrestricted	<u>(162,505)</u>	<u>(188,768)</u>	<u>26,263</u>
Total net position	<u>(162,505)</u>	<u>(188,768)</u>	<u>26,263</u>
Total liabilities and net position	<u>\$ 275,876</u>	<u>\$ 310,314</u>	<u>\$ (34,438)</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, 2015**

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

The increase in government-wide net position of \$26,263 is attributable to changes in compensated absences.

	<u>FY 2015</u>	<u>FY 2014</u>	<u>Change</u>
General revenues and transfers:			
General Fund and compensation appropriation, net of reversion	\$ 958,927	\$ 854,662	\$ 104,265
Miscellaneous revenue (prior-year refund)	<u>-</u>	<u>200</u>	<u>(200)</u>
Total general revenues and transfers	<u>958,927</u>	<u>854,862</u>	<u>104,065</u>
Expenses:			
Legislative - Administrative Services	<u>932,664</u>	<u>880,417</u>	<u>52,247</u>
Change in net position	26,263	(25,555)	51,818
Net Position:			
Net position, beginning	<u>(188,768)</u>	<u>(163,213)</u>	<u>(25,555)</u>
Net position, ending	<u><u>\$ (162,505)</u></u>	<u><u>\$ (188,768)</u></u>	<u><u>\$ 26,263</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 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 increased by \$104,065 and expenses increased by \$52,247. The changes in revenues and expenses were due to an increase in State General Fund appropriations and compensation appropriations.

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, 2015**

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 2015</u>	<u>FY 2014</u>	<u>Change</u>
Governmental fund expenditures	\$ 958,927	\$ 854,818	\$ 104,109
Increase (decrease) in liability for compensated absences	<u>(26,263)</u>	<u>25,599</u>	<u>(51,862)</u>
Government-wide expenses	<u>\$ 932,664</u>	<u>\$ 880,417</u>	<u>\$ 52,247</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	\$ 995,300	\$ 995,300	\$ 863,537
Contractual services	154,600	154,600	63,612
Other	<u>60,800</u>	<u>60,800</u>	<u>31,778</u>
Total	<u>\$ 1,210,700</u>	<u>\$ 1,210,700</u>	<u>\$ 958,927</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, 2015**

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, 2015, for compensated absences payable (employee annual and sick leave payable) amounting to \$124,028. The long-term debt balance at June 30, 2014, was \$137,903. This was not a significant decrease from the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The appropriations made for FY 2016 from the General Fund in Laws 2015, Chapter 1, Section 8 was a flat budget and no salary increases were provided for in the 2016 fiscal year.

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, 2015

	<u>Governmental Activities</u>
Assets:	
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ <u>275,876</u>
Total assets	\$ <u><u>275,876</u></u>
Liabilities:	
Accounts payable	\$ 6,958
Accrued salaries payable	7,594
Payroll taxes payable	3,930
Payroll benefits payable	5,621
Due to State General Fund (note 4)	251,773
Compensated absences payable: (note 3)	
Due within one year — current	38,477
Due after one year — long-term	<u>124,028</u>
Total liabilities	<u>438,381</u>
Net Position:	
Unrestricted (deficit) (note 9)	<u>(162,505)</u>
Total net position	<u>(162,505)</u>
Total liabilities and net position	\$ <u><u>275,876</u></u>

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Statement of Activities
For the Year Ended June 30, 2015**

	<u>Governmental Activities</u>
Expenses:	
Legislative:	
Administrative services	\$ <u>932,664</u>
Total expenses	<u>932,664</u>
General revenues and transfers:	
Transfers:	
State General Fund appropriations	1,188,800
Other financing sources	21,900
Operating transfers (out) - reversions - FY 2015 (note 4)	<u>(251,773)</u>
Total general revenues and transfers	<u>958,927</u>
Change in net position	26,263
Net Position:	
Net position, beginning	<u>(188,768)</u>
Net position, ending	<u><u>\$ (162,505)</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, 2015**

	<u>Fund 74300 General Fund</u>
Assets:	
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ <u>275,876</u>
	<u>\$ 275,876</u>
Liabilities:	
Accounts payable	\$ 6,958
Accrued salaries payable	7,594
Payroll taxes payable	3,930
Payroll benefits payable	5,621
Due to State General Fund (note 4)	<u>251,773</u>
Total liabilities	<u>275,876</u>
Fund Balances:	
Unassigned	<u>-</u>
Total fund balances	<u>-</u>
Total liabilities and fund balances	<u>\$ 275,876</u>
 Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) differ because:	
Fund Balances - Governmental Funds (Exhibit C)	\$ -
Compensated absences are not reported in the fund financial statements	<u>(162,505)</u>
Net position of Governmental Activities (Exhibit A)	<u>\$ (162,505)</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, 2015

	<u>Fund 74300</u> <u>General Fund</u>
Expenditures:	
Legislative:	
Current:	
Personal services and employee benefits	\$ 863,537
Contractual services	63,612
Other	<u>31,778</u>
Total expenditures	<u>958,927</u>
Other Financing Sources (uses):	
Transfers:	
State General Fund appropriations	1,188,800
Other financing sources (Compensation Package)	21,900
Reversions - Fiscal year 2015 (note 4)	<u>(251,773)</u>
Total other financing sources (uses)	<u>958,927</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 (Exhibit B) differ because:	
Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$ -
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities are the decrease is compensated absences payable.	<u>(26,263)</u>
Change in Net Position - Governmental Activities (Exhibit B)	<u><u>\$ (26,263)</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 and Expenditures - Budget and Actual (Budget Basis)
General Fund (Fund 74300)
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State General Fund	\$ 1,188,800	\$ 1,188,800	\$ 1,188,800	\$ -
Other Financing Sources	<u>21,900</u>	<u>21,900</u>	<u>21,900</u>	<u>-</u>
Total revenues	<u>\$ 1,210,700</u>	<u>\$ 1,210,700</u>	<u>\$ 1,210,700</u>	<u>\$ -</u>
Expenditures:				
Personal services and employee benefits	\$ 995,300	\$ 995,300	\$ 863,537	\$ 131,763
Contractual services	154,600	154,600	63,612	90,988
Other	<u>60,800</u>	<u>60,800</u>	<u>31,778</u>	<u>29,022</u>
Total expenditures	<u>\$ 1,210,700</u>	<u>\$ 1,210,700</u>	<u>\$ 958,927</u>	<u>\$ 251,773</u>

Reconciliation of GAAP basis to budget basis:	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 1,210,700	\$ 958,927
Adjustments:		
None	<u>-</u>	<u>-</u>
Budget basis	<u>\$ 1,210,700</u>	<u>\$ 958,927</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 2016 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, 2015

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, 2015, represent fiscal year 2015 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, the 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, 2015**

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 legislative 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, 2015**

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.

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.

Governmental Accounting Standards Board Statements (GASBS), GASBS 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, 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.

During fiscal year 2015, the Senate Chief Clerk's Office adopted the following GASB statements:

- GASBS 68, *Accounting and Financial Reporting for Pensions*. The statement replaces the requirements of GASBS 27, *Accounting for Pensions by State and Local Governmental Employers*, and the requirements of GASBS 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts. The requirements of GASBS 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014.

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

STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2015

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

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

governed by the State Treasurer's Investment Policy approved by the State Board of Finance.

F. **Net Position/Fund Equity/Fund Balances**

Net position represents the difference between assets and liabilities. 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.

The Senate Chief Clerk follows Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*.

Governmental fund balances are 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.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2015**

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

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.

H. Deferred Inflows/Outflows of Resources

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 GASBS 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.

I. Compensated Absences Payable

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.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2015**

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

J. 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 submission of a budget adjustment request form to the State Budget Division to process.

The basis of accounting for the budget, as appropriated by the State Legislature and processed 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 2015 budget. At June 30, 2015, 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 uncommitted appropriations made to the Senate Chief Clerk revert to the State General Fund, unless specifically excluded in the appropriation language along with any unappropriated miscellaneous revenue.

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.

Pooled cash and investments of \$275,876 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, 2015 State Treasurer's General Fund Investment Pool audited financial statements were not available as of November 16, 2015. 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 GASBS 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2015**

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

<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	\$275,876	\$275,876

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 GASBS 40, *Deposits and Investment Risk Disclosures*, 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, 2015.

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.

As communicated by DFA in prior year letters and memorandum, recorded agency claims against the State General Fund Investment Pool (SGFIP) and fiduciary resources held at the State Treasurer's Office to fulfill those claims were not reconciled from the inception of SHARE, in July 2006, through January 2013. A late 2014 effort to reconcile transactions which occurred during this period, also referred to as the Historical Cash Reconciliation Project, was unsuccessful in part due to incomplete data sets. The absence of all required data suggests that future efforts would be equally inconclusive and therefore not meriting additional energy.

While the results of the Historical Cash Reconciliation Project did not yield the hope for closure, significant progress has been made in the overall reconciliation process and the Financial Control Division (FCD) now has an operational model that effectively compares statewide claims against the SGFIP and resources held at the State Treasurer's Office. This process, has been operational since March 2015 and we have data points for seven consecutive months beginning with January 2015 business. As a result, FCD is able to make the following representations.

1. The established allowance recorded within the General Operating Reserve Fund is sufficient to accommodate the current calculated difference between resources held in the SGFIP and agency claims;
2. The calculated difference between resources maintained by STO and the agency claims has remained stable during the past seven months (February 2015 through August 2015) in which the process has been employed;

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2015**

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

3. The entirety of any adjustment will be applied against the allowance established in the General Operating Reserve Fund. No portion of the adjustment shall be allocated to any specific business unit that participates in the SGFIP.

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 the pool, in SHARE, are correct and to mitigate the risk that the agency's cash balances, in the pool, would not be misstated as of June 30, 2015.

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, 2015:

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance</u> <u>06/30/2015</u>
Compensated absences	\$ 188,768	\$ 56,035	\$ (82,298)	\$ 162,505
Current	\$ 50,865			\$ 38,477
Long-term	<u>137,903</u>			<u>124,028</u>
	<u>\$ 188,768</u>			<u>\$ 162,505</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, 2015**

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, 2015:

	<u>Total</u>
Due to State General Fund, June 30, 2014	\$288,288
Additions:	
Reversion - FY 2015 - Unexpended budget balance	251,773
Payments - FY 2014 - Transfer to State General Fund for FY 2014	<u>(288,288)</u>
Due to State General Fund, June 30, 2015	<u>\$251,773</u>

The State General Fund appropriation was \$1,210,700 and the unexpended portion was \$251,773, for a net State General Fund appropriation of \$958,927.

5. Transfers

Actual inter-agency transfers for the year ended June 30, 2015, consist of the following:

<u>To</u>		<u>From</u>		<u>Purpose</u>
<u>Agency/Fund</u>	<u>Amount</u>	<u>Agency/Fund</u>	<u>Amount</u>	
11400/74300	\$ 1,188,800	34101/85300	\$ 1,188,800	General Fund appropriation (Laws 2015, Ch. 1, Sec. 8)
11400/74300	21,900	34100/62000	21,900	FY 15 Comp Package
35000/35903	5,628	11400/74300	5,628	FY 15 GSD Premiums (WC)
35000/35703	3,350	11400/74300	3,350	FY 15 GSD Premiums (Gen. Liability)
35000/35603	161	11400/74300	161	FY 15 GSD Premiums (Crime)
11100/12900	27	11400/74300	27	Reimbursement for Office Supplies paid by wrong fund.
20800/07600	2,594	11400/74300	2,594	Reimburse BU 20800 for liability charges due to transfer.
30800/11100	1,945	11400/74300	1,945	Reimburse BU 30800 for liability charges due to transfer.
34101/85300	288,288	11400/74300	288,288	Reversion of FY 2014 appropriation
	<u>\$ 1,512,693</u>		<u>\$ 1,512,693</u>	

6. Pension Plan - Public Employees Retirement Association

Financial Reporting and Disclosure for Multiple-Employer Cost Sharing Pensions Plans by Employers

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2015**

6. Pension Plan - Public Employees Retirement Association (Cont'd)

The Senate Chief Clerk's Office, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM 87501.

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

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2015**

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

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.

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, 2015, the statutes 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, 2015, 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's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$12,196, \$11,812 and \$11,356, 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.

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Notes to the Financial Statements
June 30, 2015**

9. Net Position Deficit Balance

GASBS 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, 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 (\$162,505). This deficit is created by the compensated absence payable liability of \$162,505 at June 30, 2015, which will be paid from subsequent years State General Fund Appropriations.

10. Subsequent Events Review

A review of subsequent events through November 16, 2015, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure.

SUPPLEMENTARY SECTION

STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
SCHEDULE OF VENDOR INFORMATION
For Purchases Exceeding \$60,000 (excluding GRT)
Prepared by: Kathy Pacheco-Dofflemeyer
Title: Chief Financial Officer Date: October 20, 2015

The Senate Chief Clerk's Office did not have any vendor purchases exceeding \$60,000 (excluding GRT) for the fiscal year ended June 30, 2015.

<u>RFB#/RFP#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>\$ Amount of Awarded Contract</u>	<u>\$ Amount of Amended Contract</u>	<u>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</u>	<u>In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)</u>	<u>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answers N/A</u>	<u>Brief Description of the Scope of Work</u>
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

OTHER REPORTS

Robert J. Rivera, CPA, PC

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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

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. Tim Keller
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, 2015, 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 16, 2015.

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 Senate Chief Clerk's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in

internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 Senate Chief Clerk'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 Senate Chief Clerk'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 16, 2015

**STATE OF NEW MEXICO
SENATE CHIEF CLERK'S OFFICE
Schedule of Findings and Responses
June 30, 2015**

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
Financial Statement Preparation and Exit Conference
June 30, 2015**

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 16, 2015, 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