

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE**

**Financial Statements
For the Year Ended June 30, 2009**

(With Independent Auditor's Report Thereon)

INTRODUCTORY SECTION

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LEGISLATIVE COUNCIL SERVICE
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June 30, 2009

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**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Official Roster**

June 30, 2009

Legislative Council Members

<u>Title</u>	<u>Name</u>	<u>Role</u>
Senator	Timothy Z. Jennings	Co-Chair
Speaker	Ben Lujan	Co-Chair
Senator	Carlos R. Cisneros	Member
Senator	Dianna J. Duran	Member
Representative	Keith J. Gardner	Member
Senator	Stuart Ingle	Member
Representative	Rhonda S. King	Member
Representative	W. Ken Martinez	Member
Senator	Cisco McSorley	Member
Representative	Rick Miera	Member
Senator	William H. Payne	Member
Senator	Michael S. Sanchez	Member
Representative	Sheryl Williams Stapleton	Member
Representative	Thomas C. Taylor	Member
Representative	Jeannette O. Wallace	Member

Administrative Officials

Paula Tackett	Director
Kathy Pacheco-Dofflemeyer	Asst. Director for Administration
John Yeager	Asst. Director For Legislative Affairs
Raul Burciaga	Asst. Director For Drafting Services

FINANCIAL SECTION

ROBERT J. RIVERA, CPA, PC

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INDEPENDENT AUDITOR'S REPORT

State of New Mexico
Legislative Council Service
Santa Fe, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and budgetary comparisons for the General and major Special Revenue Funds of the State of New Mexico, Legislative Council Service (Council), as of and for the year ended June 30, 2009, which collectively comprise the State of New Mexico, Legislative Council Service's basic financial statements as listed in the table of contents. We also have audited the combining and individual fund financial statements presented as supplemental information as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the State of New Mexico, Legislative Council Service's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1.A., the financial statements of the State of New Mexico, Legislative Council Service, are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of the State of New Mexico that is attributable to the transactions of the State of New Mexico, Legislative Council Service. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2009, and changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the State of New Mexico, Legislative Council Service, as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and Capital Building Repair special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the combining and individual fund financial statements referred to above present fairly, in all material respects, the respective financial position of the Council Services and Building Services SHARE funds of the State of New Mexico, Legislative Council Service as of June 30, 2009, and the respective changes in financial position thereof, and the respective budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report dated October 30, 2009, on our consideration of the State of New Mexico, Legislative Council Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be considered in assessing the results of our audit.

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 30, 2009

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2009**

OVERVIEW

Our discussion and analysis of the State of New Mexico, Legislative Council Service's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2009. 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 Council Service's financial activity;
- Identify changes in the Council Service's financial position;
- Identify any material deviation from the approved budget; and
- Identify issues and concerns.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the State of New Mexico, Legislative Council Service 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, Legislative Council Service'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, Legislative Council Service as a single agency. It does not purport to represent the State of New Mexico as a whole.

In compliance with requirements of accounting principles generally accepted in the United States of America (GAAP) for governmental entities, the Council Service's basic financial statements include the:

- (1) Government-wide financial statements;
- (2) Fund financial statements;
- (3) Notes to financial statements

Reporting on the Council Service as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Council Service's finances which is similar to the accounting used by most private-sector companies. The government-wide financial statements report all assets and liabilities with the difference between the two reported as net assets, using the accrual basis of accounting in the Statement of Net Assets (Exhibit A).

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2009**

Reporting on the Council Service as a Whole (Cont'd)

Government-Wide Financial Statements

The *Statement of Activities* (Exhibit B) presents information on how the Council Service's net assets changed during the most recent fiscal year. Changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are included in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but unused vacation leave and uncollected accounts receivable).

The government-wide financial statements include all activities of the State of New Mexico, Legislative Council Service. Capital assets are included in these financial statements. State general fund appropriations finance most of these activities.

In the Statement of Net Assets and Statement of Activities, the Council Service reports governmental activities since there are no business-type activities or component units.

Reporting on the Council Service's Most Significant Funds

Governmental Activities - Fund Financial Statements

Governmental Funds - All of the Council Service'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.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council Service uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows and spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented by governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Council Service's near-term financing

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2009**

Fund Financial Statements (Cont'd)

decisions. Both of the governmental funds **Balance Sheet** (Exhibit C) and the governmental funds **Statements of Revenue, Expenditures and Changes in Fund Balances** (Exhibit D) provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Council Service maintains its fund structure in the Statewide Human Resources, Accounting and Management Reporting (SHARE) system. The Council Service maintains one general fund that is comprised of two accounts, the Council Service Account (Fund #12900) and the Building Services Account (Fund #13200), and one special revenue fund, Capitol Buildings Repair Fund (Fund #07500).

The Council Service adopts an annual appropriated budget for its general fund and special revenue fund. A budgetary comparison statement has been provided for the funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Exhibits C through G of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to gain a full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 8 through 18 of this report.

Budgetary Comparisons

The budget comparison information required by GASB #34 for the major governmental funds and non-major governmental funds that have legally adopted annual budgets are presented on Exhibits F and G, and Statements 3 through 5. The budgetary comparisons present both the original and final budgets for the reporting period as well as the actual inflows, and balances, stated on a budgetary basis.

THE LEGISLATIVE COUNCIL SERVICE AS A WHOLE

The purpose of the Legislative Council Service program is to provide nonpartisan, confidential assistance to the legislature and its committees. This program includes information, bill drafting, and administrative services as well as organizational, research, clerical and support services for members and interim committees, and some services for other legislative agencies, standing committees and other state agencies, as well as the public.

The Council Service's net assets decreased by \$1,277,350 from a year ago, decreasing from \$38,630,660 to \$37,353,310. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Council Service's governmental activities.

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LEGISLATIVE COUNCIL SERVICE
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(Required Supplementary Information)
June 30, 2009**

THE LEGISLATIVE COUNCIL SERVICE AS A WHOLE (Cont'd)

Table 1

Condensed Net Assets - Governmental Activities

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Change</u>
<u>Assets</u>			
Current	\$ 6,805,012	\$ 6,368,597	\$ 436,415
Capital assets (net of depreciation)	<u>32,584,062</u>	<u>33,818,135</u>	<u>(1,234,073)</u>
Total assets	<u>39,389,074</u>	<u>40,186,732</u>	<u>(797,658)</u>
<u>Liabilities</u>			
Current	784,103	667,780	116,323
Due to State General Fund	1,147,505	786,373	361,132
Long-term	<u>104,156</u>	<u>101,919</u>	<u>2,237</u>
Total liabilities	<u>2,035,764</u>	<u>1,556,072</u>	<u>479,692</u>
<u>Net Assets</u>			
Invested in capital assets	32,584,062	33,818,135	(1,234,073)
Restricted for subsequent years' expenditure	5,195,719	5,207,832	(12,113)
Unrestricted	<u>(426,471)</u>	<u>(395,307)</u>	<u>(31,164)</u>
Total net assets	<u>\$ 37,353,310</u>	<u>\$ 38,630,660</u>	<u>\$ (1,277,350)</u>

As summarized in the above table, Net Assets represent the differences between assets and liabilities of the Council Service.

Current assets increased by \$436,415, or 6.8% from a year ago. This is mainly attributable to an increase of cash amounting to \$520,858. Current assets of \$6,805,012 consist mostly of cash (\$6,782,957). Current liabilities increased by \$116,323, or 17.4% from a year ago. This is mainly attributable to the increase in the amount due to the State General Fund of \$361,132.

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LEGISLATIVE COUNCIL SERVICE
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THE LEGISLATIVE COUNCIL SERVICE AS A WHOLE (Cont'd)

Liabilities of \$2,035,764 constitute 5.1% of total assets and consist primarily of account payable (\$158,568) i.e., money that the Council Service is obligated to pay, but has not yet been transformed into warrants or wire transfers as of the close of the fiscal year; accrued salaries payable (\$144,799); payroll taxes payable (\$58,458); payroll benefits payable (\$99,813); due to the State General Fund (\$1,147,505); and, compensated absences payable (\$426,621).

Net assets may over time serve as a useful indicator of a government's financial position. In the case of the Council Service, a net asset balance is reported at the close of the most recent fiscal year.

The Council Service reports balances in the following three categories of net assets; (1) invested in capital assets; and (2) restricted, and (3) unrestricted. The invested in capital assets balance is positive and the unrestricted balance is in a deficit. The Council Service has restricted net assets of \$5,195,719 restricted for subsequent years' expenditures.

The Council Service uses capital assets to provide its services; consequently, these assets are not available for future spending.

This decrease in net assets of \$1,277,350 was the result of the \$1,234,073 of a decrease in net capital assets.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
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June 30, 2009**

THE LEGISLATIVE COUNCIL SERVICE AS A WHOLE (Cont'd)

Table 2

Condensed Changes in Net Assets - Governmental Activities (Cont'd)

This table shows the components that decreased, in the aggregate, the Council Service's net assets by \$1,277,350, primarily from the \$1,275,067 of capital asset depreciation expense.

	<u>FY 2009</u>	<u>FY 2008</u>	<u>Change</u>
Revenues:			
General revenues:			
Bond proceeds	\$ -	\$ 75,000	\$ (75,000)
Miscellaneous revenue	31,840	14,293	17,547
Loss on disposal of equipment	-	(8,305)	8,305
Transfers:			
State General Fund appropriations (net of reversions)	8,874,802	8,472,728	402,074
Operating transfers in	276,979	393,915	(116,936)
Special appropriations	-	4,500,000	(4,500,000)
Transfers in - capital assets	-	76,467	(76,467)
Total revenues	<u>9,183,621</u>	<u>13,524,098</u>	<u>(4,340,477)</u>
Program expenses:			
General government	9,160,904	8,901,912	258,992
Depreciation expense	1,275,067	1,282,979	(7,912)
Total expenses	<u>10,435,971</u>	<u>10,184,891</u>	<u>251,080</u>
Change in net assets	<u>(1,252,350)</u>	<u>3,339,207</u>	<u>(4,591,557)</u>
Net assets, beginning (as reported)	38,630,660	35,291,453	3,339,207
Restatements:			
Prior-period adjustments	(25,000)	-	(25,000)
Net assets beginning (as restated)	<u>38,605,660</u>	<u>35,291,453</u>	<u>3,314,207</u>
Net assets, ending	<u>\$ 37,353,310</u>	<u>\$ 38,630,660</u>	<u>\$ (1,277,350)</u>

The Council Service's governmental activities general revenue decreased significantly by \$4,340,477 from a year ago, primarily from the \$4,500,000 in capitol building renovation funds appropriated to the Building Services Fund in the previous year, and not in the current year.

The cost of governmental activities was \$10,435,971 compared to \$10,184,891 last year, or an increase of \$251,080 (2.5%).

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2009**

THE COUNCIL SERVICE'S FUNDS

As the Council Service completed the year, the governmental funds (as presented in the Balance Sheet, Exhibit C, page 3) reported a combined fund balance of \$5,195,869, which is below last year's combined fund balance of \$5,207,982, a decrease of \$12,113 (.2%). The fund balance of the Council Service's general fund decreased by \$151,322. The fund balance of the Capitol Buildings Repair Special Revenue Fund increased insignificantly by \$139,219. The fund balance remaining at year end is reserved for expenditure in the subsequent fiscal year.

General Fund Budgetary Highlights

The General Fund is comprised of the Council Service Fund account and the Building Services Fund account. Funding is from the State General Fund. The annual operating budget is monitored by the Department of Finance and Administration. There was a \$300,200 change from the total of the original approved budget of \$14,943,100 to the final revised budget of \$14,642,900 which is due to a legislative mandated reduction in fiscal year 2009 appropriations enacted in January 2009.

Comparison of actual expenditures on a budgetary basis to approved budget amounts is presented below:

	<u>Original Budget</u>	<u>Budget Adjustment Request</u>	<u>Budgeted Amount</u>	<u>Actual Amount</u>
Personal services/employee benefits	\$ 7,744,700	\$ (319,700)	\$ 7,425,000	\$ 6,887,175
Contractual services	1,663,200	(41,800)	1,621,400	430,650
Other	5,535,200	61,300	5,596,500	1,991,423
Total	\$ <u>14,943,100</u>	\$ <u>(300,200)</u>	\$ <u>14,642,900</u>	\$ <u>9,309,248</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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009, the Council Service had \$58,749,736 invested in capital assets, accumulated depreciation of (\$26,165,674), resulting in net capital assets of \$32,584,062. The majority of the Council Service's capital assets are invested in land (\$1,277,372), and buildings and building improvements of \$56,793,875.

Current year additions of capital assets were insignificant, \$49,993. Deletions of capital assets were also insignificant, \$4,465.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
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CAPITAL ASSET AND DEBT ADMINISTRATION (Cont'd)

Capital Assets (Cont'd)

**Capital Assets at Year End
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>2008</u>
<u>Non-Depreciable</u>		
Land	\$ 1,277,372	\$ 1,277,372
Artwork and books	124,275	124,275
	<u>1,401,647</u>	<u>1,401,647</u>
<u>Depreciable</u>		
Furniture and equipment	189,951	183,622
Buildings	-	-
Building improvements	30,992,464	32,232,866
	<u>31,182,415</u>	<u>32,416,488</u>
Total		
	<u>31,182,415</u>	<u>32,416,488</u>
Total governmental activities capital assets, net	<u>\$ 32,584,062</u>	<u>\$ 33,818,135</u>

Debt

At the end of the current fiscal year, the Council Service had total debt outstanding of \$426,621, comprising accumulated balances for terminal and sick leave eligible for payment to employees upon termination of their employment from the Council Service. Employees can receive compensation for a maximum of 240 hours upon severance. More information about the Council Service's changes in compensated absences is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The appropriations made for FY 2010 from the General Fund in Laws 2009, Chapter 1, Sections 3 through 9 were reduced by Section 13 of that Chapter and further reduced in Section 10, Subsection B of the General Appropriations Act of 2009. These appropriations were further reduced in Laws 2009, Chapter 4 of the 1st Special Session held in October. These reductions will be made by not filling vacancies, reducing contractual services, office supplies and cutting out-of-state travel for legislative staff and members of the Legislative Council.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2009**

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 Agency's finances and to demonstrate the Agency's accountability for the funds it receives. If you have any questions about this report or need additional financial information please contact:

**New Mexico Legislative Council Service
411 State Capitol
Santa Fe, NM 87501
(505) 986-4600
lcs@nmlegis.gov**

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Net Assets
June 30, 2009**

	Governmental Activities
Assets:	
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ 6,782,957
Petty cash	150
Due from other state agencies	21,905
Land (note 3)	1,277,372
Artwork and books (note 1 and 3)	124,275
Depreciable buildings, property and equipment (net of accumulated depreciation) (note 3)	31,182,415
Total assets	39,389,074
 Liabilities:	
Accounts payable	158,568
Accrued salaries payable	144,799
Payroll taxes payable	58,458
Payroll benefits payable	99,813
Due to State General Fund (note 5)	1,147,505
Compensated absences: (note 4)	
Due within one year	322,465
Due after one year	104,156
Total liabilities	2,035,764
 Net Assets:	
Invested in capital assets	32,584,062
Restricted for subsequent years' expenditure	5,195,719
Unrestricted	(426,471)
Total net assets	\$ 37,353,310

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Activities
For the Year Ended June 30, 2008**

	<u>Governmental Activities</u>
Expenses:	
Legislative	\$ 9,160,904
Depreciation	<u>1,275,067</u>
Total expenses	<u>10,435,971</u>
Net (program expense) revenue	<u>(10,435,971)</u>
General revenues and transfers:	
Miscellaneous revenue	<u>31,840</u>
Total general revenues	<u>31,840</u>
Transfers:	
State General Fund appropriations	10,066,000
Compensation appropriation	169,600
Operating transfers in (note 6)	107,379
Reversions - Fiscal Year 2009 (note 5)	<u>(1,191,198)</u>
Total transfers	<u>9,151,781</u>
Total general revenues and transfers, net	<u>9,183,621</u>
Change in net assets	<u>(1,252,350)</u>
Net Assets:	
Net assets, beginning (as reported)	38,630,660
Restatements:	
Prior-period adjustment-Due from other state agencies overstated (note 13)	<u>(25,000)</u>
Net assets, beginning (as restated)	<u>38,605,660</u>
Net assets, ending	<u>\$ 37,353,310</u>

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Balance Sheet
Governmental Funds
June 30, 2009**

	Major Funds		
	General Fund - All Accounts	Fund 07500 Capitol Buildings Repair Special Revenue Fund	Total Governmental Funds
Assets:			
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ 5,922,953	\$ 860,004	\$ 6,782,957
Petty cash	150	-	150
Due from other state agencies (note 9)	21,905	-	21,905
	<u>\$ 5,945,008</u>	<u>\$ 860,004</u>	<u>\$ 6,805,012</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 158,568	\$ -	\$ 158,568
Accrued salaries payable	144,799	-	144,799
Payroll taxes payable	58,458	-	58,458
Payroll benefits payable	99,813	-	99,813
Due to State General Fund (note 5)	1,147,505	-	1,147,505
	<u>1,609,143</u>	<u>-</u>	<u>1,609,143</u>
Fund Balances:			
Fund balances:			
Reserved for petty cash	150	-	150
Reserved for subsequent years' expenditures	4,335,715	860,004	5,195,719
	<u>4,335,865</u>	<u>860,004</u>	<u>5,195,869</u>
Total fund balances	<u>4,335,865</u>	<u>860,004</u>	<u>5,195,869</u>
Total liabilities and fund balances	<u>\$ 5,945,008</u>	<u>\$ 860,004</u>	<u>\$ 6,805,012</u>

**Amounts reported in the Statement of Net Assets
(Exhibit A) differ because:**

Fund Balances - Governmental Funds	\$ 5,195,869
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation	32,584,062
Compensated absences accrued in the government-wide financial statements, but not due and payable at fiscal year end	<u>(426,621)</u>
Net Assets of Governmental Activities	<u>\$ 37,353,310</u>

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2009

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund - All Accounts</u>	<u>Fund 07500 Capitol Buildings Repair Special Revenue Fund</u>	
Expenditures:			
Legislative:			
Current:			
Personal services and employee benefits	\$ 6,887,173	\$ -	\$ 6,887,173
Contractual services	292,696	-	292,696
Other costs	1,681,648	-	1,681,648
Capital outlay	309,217	-	309,217
Total expenditures	<u>9,170,734</u>	<u>-</u>	<u>9,170,734</u>
Other Financing Sources (uses):			
Miscellaneous revenue	-	31,840	31,840
Transfers:			
State General Fund appropriations	10,066,000	-	10,066,000
Compensation appropriation (note 6)	169,600	-	169,600
Operating transfers in (note 6)	-	107,379	107,379
Reversions - Fiscal Year 2009 (note 5)	(1,191,198)	-	(1,191,198)
Total other financing sources (uses)	<u>9,044,402</u>	<u>139,219</u>	<u>9,183,621</u>
Net change in fund balances	<u>(126,332)</u>	<u>139,219</u>	<u>12,887</u>
Fund Balances:			
Fund balance, beginning of year, as reported	4,487,197	720,785	5,207,982
Restatements:			
Prior-period adjustment-Due from other state agencies overstated (note 13)	(25,000)	-	(25,000)
Fund balance, beginning of year, as restated	<u>4,462,197</u>	<u>720,785</u>	<u>5,182,982</u>
Fund balance, end of year	<u>\$ 4,335,865</u>	<u>\$ 860,004</u>	<u>\$ 5,195,869</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 12,887
Capital outlay	40,993
Depreciation expense - FY 2009	(1,275,067)
Net change in compensated absences	(31,163)
Change in New Assets - Governmental Activities	\$ (1,252,350)

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues and Expenditures - Budget and Actual (Budget Basis)
Major Governmental Funds
General Fund - All Accounts
Council Service Account Fund 12900 and Building Services Account Fund 13200
For the Year Ended June 30, 2009

	Budgeted Amounts		Prior Years' Activity	Actual Budget Basis	Variance Favorable (Unfavorable)
	Original	Final			
Revenues:					
State General Fund	\$ 10,198,500	\$ 9,873,300	\$ -	\$ 10,066,000	\$ 192,700
Other revenues	4,575,000	4,575,000	4,575,000	-	-
Other financing sources	169,600	169,600	-	169,600	-
Total revenues	14,943,100	14,617,900	\$ 4,575,000	\$ 10,235,600	\$ 192,700
Cash balance	-	25,000			
Total resources	\$ 14,943,100	\$ 14,642,900			
Expenditures:					
Personal services and employee benefits	\$ 7,744,700	\$ 7,425,000	\$ -	\$ 6,887,173	\$ 537,827
Contractual services	1,663,200	1,621,400	137,953	292,696	1,190,751
Other	5,535,200	5,596,500	-	1,990,865	3,605,635
Total expenditures	\$ 14,943,100	\$ 14,642,900	\$ 137,953	\$ 9,170,734	\$ 5,334,213
Reconciliation of GAAP basis to budget basis expenditures:					
GAAP basis expenditures				\$ 9,170,734	
Adjustments:					
None				-	
Budget basis expenditures				<u>\$ 9,170,734</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 2010 budget.

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE**
Statement of Revenues and Expenditures - Budget and Actual (Budget Basis)
Major Governmental Funds
Capitol Buildings Repair Special Revenue (Fund 07500)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Budget Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
State General Fund	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	31,840	31,840
Operating transfers in	-	-	-	-
Other financing sources	-	-	107,379	107,379
Total revenues	\$ -	\$ -	\$ 139,219	\$ 139,219
Expenditures:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Reconciliation of GAAP basis to budget basis expenditures:				
GAAP basis expenditures			\$ -	
Adjustments:				
Prior year expenditures			-	
Budget basis expenditures			\$ -	

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 2010 budget.

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

1. Summary of Organization and Significant Accounting Policies

The financial statements of the State of New Mexico, Legislative Council Service (Council Service) 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, 2009, represent fiscal year 2009 of the State of New Mexico. The more significant accounting policies of the Council Service are described below:

A. Financial Reporting Entity

The Council Service was created by Laws of 1951, Chapter 182, Section 2, (New Mexico Statutes Annotated, 1978 Compilation).

The Council Service functions for the use of the members of the legislature, the governor and the various departments, institutions and agencies of the state which may desire to avail themselves of its services and also provides information services to the public. The Council Service conducts itself with strict regard to the division of powers among the legislative, executive and judicial branches of the government of the state.

The Council Service is a department of 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 Council Service has oversight responsibility. The Council Service does not have any component units.

B. Basic Financial Statements - Government-Wide Statements

The Council Services basic financial statements include both government-wide (reporting the Council Service as a whole, excluding fiduciary activities) and fund financial statements (reporting the Council Service's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental. The Council Service's General Fund and the Capitol Buildings Repair Special Revenue Fund are included as governmental activities.

In the government-wide Statement of Net Assets, the governmental column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council Service's net assets are reported in three parts - invested in capital assets; restricted for capital projects; and unrestricted net assets. Interfund activity (between or within funds) due to/due from other funds are eliminated in the government-wide financial statements.

The government-wide Statement of Activities reports the gross cost of the Council Service's function. The function is supported by general government revenues (intergovernmental revenues). This government-wide focus is more on the sustainability of the Council Service as an entity, and the change in the Council Service's net assets resulting from the current year's activities.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

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

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the Council Service are reported in the individual fund financial statements. The accounts of the Council Service are maintained on the basis of funds as established by state statutes, 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, reserves, fund balance, revenues, and expenditures/expenses. 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 funds are utilized by the Council Service:

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 Council Service:

General Fund - The General Fund is the general operating fund of the Council Service. The General Fund is comprised of two accounts, the Council Service Fund account (Fund 12900), and the Building Services Fund account (Fund 13200). The General Fund is a major fund of the Council Service. They are used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - The Capitol Buildings Repair Fund (Fund 07500) is a special revenue fund of the Council Service. It is used to account for repairs, remodeling and equipment additions to capitol buildings and adjacent lands; to repair or replace building machinery and buildings located in capitol buildings and to contract for options to purchase real estate, such real estate, if purchased, to be put to state use. Expenditures from the fund must be authorized by the State Board of Finance. The Capitol Buildings Repair Fund is a major fund of the Council Service and was created by Section 15-38-17, NMSA 1978.

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 funds of the Legislative Council Service follow FASB statements and interpretations and GASB statements issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Both GASB and FASB pronouncements are applied to the government-wide financial statements.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

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

D. Basis of Accounting (Cont'd)

Accrual

Governmental activities in the government-wide financial statements are presented on 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 on a current financial resources measurement focus using 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

Cash is on deposit as an investment in 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. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts legally restricted for specified purposes. The general fund reserve for restricted purposes includes fund balance/net assets restricted for petty cash and future capitol building renovations. Restricted resources are applied first when an expense is incurred for a purpose for which restricted and unrestricted net assets are available.

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. Contributed assets are reported at fair market value as of the date received.

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: buildings, 40 years; building improvements, 40 years; furniture and fixtures, 12 years; computer equipment and software, 4 years; and maintenance equipment, various years.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

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

G. Capital Assets (Cont'd)

During the 2005 Regular Legislative Session, HB1074 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.

Legislative Council Service has a collection of art work and books presented for public exhibition and education that is being preserved for future generations. The collection is capitalized, but not depreciated as part of capital assets.

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 expenditure 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 Council Service follows these procedures in establishing the budgetary data reflected in the financial statements:

The State Legislature makes annual appropriations for the Council Service's Funds. Legal compliance is monitored through the establishment of a budget and a financial control system which permits budget-to-actual comparison. Expenditures by fund 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 Council's various funds 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 2010 budget. At June 30, 2009, there were none.

All of the unexpended and unreserved appropriations made to the Council Service revert to the State General Fund.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

2. Investment in the State Treasurer General Fund Investment Pool

Pooled cash and investments of \$6,782,957 are on deposit with the State of New Mexico, Office of the State Treasurer investment pool. In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50 percent.

The State Treasurer's investment pool June 30, 2009, audited financial statements were not available as of October 31, 2009. Based on the State Treasurer's unaudited information, the management of the Council Service 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>Account Name</u>	<u>SHARE Fund #</u>	<u>Balance per Depository</u>	<u>Reconciling Items</u>	<u>Balance per Books</u>
<u>General Fund:</u>				
Council Service Fund Account	12900	\$ 1,208,675	\$ -	\$ 1,208,675
Building Service Fund Account	13200	4,714,278	-	4,714,278
<u>Special Revenue Fund:</u>				
Capital Buildings Repair Fund	07500	860,004	-	860,004
		\$ <u>6,782,957</u>	\$ <u>-</u>	\$ <u>6,782,957</u>

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2009:

	Balance 6/30/2008	Adjustments Balance 6/30/2007	Additions	(Deletions)	Balance 6/30/2009
Governmental activities:					
Nondepreciable assets:					
Land	\$ 1,277,372	\$ 1,277,372	\$ -	\$ -	\$ 1,277,372
Artwork and books	124,275	124,275	-	-	124,275
Total	<u>1,401,647</u>	<u>1,401,647</u>	-	-	<u>1,401,647</u>
Depreciable assets:					
Furniture & equipment	517,686	517,686	40,993	(4,465)	554,214
Buildings	7,177,801	7,177,801	-	-	7,177,801
Building improvements	<u>49,616,074</u>	<u>49,616,074</u>	-	-	<u>49,616,074</u>
Total	<u>57,311,561</u>	<u>57,311,561</u>	<u>40,993</u>	<u>(4,465)</u>	<u>57,348,089</u>
Total capital assets	<u>58,713,208</u>	<u>58,713,208</u>	<u>40,993</u>	<u>(4,465)</u>	<u>58,749,736</u>
Less accumulated depreciation for:					
Furniture & equipment	(334,063)	(334,063)	(34,665)	4,465	(364,263)
Buildings	(7,177,801)	(7,177,801)	-	-	(7,177,801)
Building improvements	<u>(17,383,208)</u>	<u>(17,383,208)</u>	<u>(1,240,402)</u>	-	<u>(18,623,610)</u>
Total accumulated depreciation	<u>(24,895,072)</u>	<u>(24,895,072)</u>	<u>(1,275,067)</u>	<u>4,465</u>	<u>(26,165,674)</u>
Total governmental activities capital assets net	<u>\$ 33,818,136</u>	<u>\$ 33,818,136</u>	<u>\$ (1,234,074)</u>	<u>\$ -</u>	<u>\$ 32,584,062</u>

Depreciation expense for the year was \$1,275,067 and was charged to governmental activities.

General government \$ 1,275,067

4. Long-Term Liabilities

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

Qualified employees are entitled to accumulate sick leave at the rate of 3.69 hours per pay period. Employees who have accumulated 600 hours of unused sick leave are entitled to be paid for

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

4. Long-Term Liabilities (Cont'd)

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. The Council Service Fund and the Building Services Fund are used to liquidate payment for compensated absences.

Immediately prior to retirement from 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, 2009:

	Balance 06/30/2008	Additions	(Deletions)	Balance 06/30/2008	Amounts Due Within One Year	Long Term
Compensated absences						
Council Service	\$ 268,371	\$ 233,219	\$ (214,984)	\$ 286,606	\$ 208,592	\$ 78,014
Building Services	127,086	156,145	(143,216)	140,015	113,873	26,142
Total	<u>\$ 351,527</u>	<u>\$ 389,364</u>	<u>\$ (358,200)</u>	<u>\$ 426,621</u>	<u>\$ 322,465</u>	<u>\$ 104,156</u>

5. Due to State General Fund - Reversions of State General Fund Appropriations

	General Fund		
	Council Service	Building Services	Total
Cash balance, June 30, 2009	\$ 1,208,675	\$ 4,714,278	\$ 5,922,953
Add:			
Due from other state agencies (Senate Chief Clerk-Agy 11400, Fund 74300)	20	-	20
Due from other state agencies (DFA-Payroll errors)	-	6,111	6,111
Amount available (all state cash)	1,208,695	4,720,389	5,929,084
Less:			
Due to other state agencies (DFA-payroll errors)	-	-	-
Accounts payable at 6/30/09	(37,151)	(121,417)	(158,568)
Accrued payroll at 6/30/09	(87,661)	(57,138)	(144,799)
Payroll taxes payable, 6/30/09	(37,994)	(20,464)	(58,458)
Payroll benefits payable, 6/30/09	(55,137)	(44,676)	(99,813)
Reserved for subsequent expenditure-conservation statue-multi-year	(295)	-	(295)
Reserved for subsequent expenditure-capitol building renovations-multi-year	-	(4,319,645)	(4,319,645)
Due to State General Fund, June 30, 2009	<u>\$ 990,457</u>	<u>\$ 157,048</u>	<u>\$ 1,147,505</u>
Reconciliation of Reversions to the amount Due to the State General Fund:			
Total reversions	\$ 1,034,531	\$ 156,667	\$ 1,191,198
Reverted during fiscal year	(44,700)	-	(44,700)
Stale dated warrants and other	626	381	1,007
Due to State General Fund, June 30, 2009	<u>\$ 990,457</u>	<u>\$ 157,048</u>	<u>\$ 1,147,505</u>

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

5. Due to State General Fund - Reversions of State General Fund Appropriations (Cont'd)

Total reversions for the year for the Council Service Account amounted to \$1,034,531, which included \$192,700 for FY 2009 budget reduction, Laws 2009, Chapter 3, Section 1, of which \$44,700 was reverted during the fiscal year.

Total reversions for the year for the Building Services account amounted to \$156,667. Total reversions for the General Fund amounted to \$1,191,198.

6. Transfers

Inter-agency transfers for the 2009 fiscal year are as follows:

To		From		Purpose
Agency/Fund	Amount	Agency/Fund	Amount	
11100/12900	\$ 5,941,000	34100	\$ (5,941,000)	General Fund appropriation, Laws 2008, HB 1, Sec. 3,7,8
11900/13200	4,125,000	34100	(4,125,000)	General Fund appropriation, Laws 2008, Ch 3, Sec 4
11100/12900	103,200	34100	(103,200)	Compensation package, Laws 2008, HB 2, Ch. 3, Sec 8
11900/13200	66,400	34100	(66,400)	Compensation package, Laws 2008, HB 2, Ch. 3, Sec 8
34100	583,738	11100/12900	(583,738)	General Fund reversion
34100	247,335	11900/13200	(247,335)	General Fund reversion
11100/07500	107,379	35000/86300	(107,379)	Capital Buildings Repair Fund
	<u>\$ 11,174,052</u>		<u>\$ (11,174,052)</u>	

7. Pension Plan - Public Employees Retirement Association

Substantially all of the Legislative Council Service'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, 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. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 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 7.42 percent of their gross salary. The Legislative Council Service is required to contribute 16.59 percent of the gross covered salary. The contribution requirements of plan members and the Legislative Council Service are established under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Council's employer contributions to PERA for the years ending June 30, 2009, 2008, and 2007 were \$787,521, \$722,415, and \$630,296, respectively, equal to the amount of the required contributions for each year.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

8. Post Employment Benefits - State Retiree Health Care Plan

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998, are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

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

Legislative Council Service contributions to the RHCA for the years ended June 30, 2009, 2008, and 2007, were \$59,985, \$55,711, and \$48,888, respectively, which equal the required contributions for each year.

9. Due from Other State Agencies

An amount of \$6,111 is due from the New Mexico Department of Finance and Administration resulting from payroll tax and employee benefit liability errors in the Statewide Human Resources, Accounting and Management Reporting System (SHARE). In addition, \$15,794 is due from the NM State Board of Finance from the issuance of Severance Tax Bonds, the proceeds of which were appropriated to the Legislative Council Service to plan and design a system and purchase and install equipment required to webcast legislative sessions, pursuant to the Laws 2006, Ch. 111.

10. Commitments and Contingencies

The Council Service is committed under several leases for various office equipment. The lease commitments are contingent upon legislative appropriation. Therefore, no long-term lease commitments exist which require disclosure. Total lease expenditures for rent of equipment for the year ended June 30, 2009, amounted to \$128,366.

11. Risk Management

The Legislative Council Service 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.

12. Special Appropriations

The Legislative Council Service received the following special appropriations during the current and previous years which are still available to expend in subsequent years.

<u>Agency/Fund</u>	<u>Amount</u>	<u>Unexpended Balance</u>	<u>Appropriation Lapses</u>	<u>Purpose</u>
11900/13200	\$ 4,500,000	\$ 4,319,645	06/30/2012	Capitol Building Renovations appropriations Laws 2007, Ch. 192, Sec. 1
11100/12900	25,000	539	06/30/2012	Civilian Conservation Corps Worker Statue Laws 2008, Ch. 92
11100/12900	75,000	16,089	06/30/2011	Webcast Project, Laws 2006, Ch. 111, Sec. 17 Severance tax Bonds

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2009**

13. Prior-Period Adjustment

The prior year's amount due from other state agencies of \$25,000 was overstated resulting in a prior-period adjustment of (\$25,000).

14. Net Assets Deficit

GASB #34 requires capitalized assets, net of accumulated depreciation, and the inclusion of long-term debt resulting in an unrestricted net asset deficit of \$(426,471). This deficit is created by compensated absence liabilities which will be paid from subsequent years State General Fund Appropriations.

General Fund - Council Service Fund Account

To account for activities of the Legislative Council Service, except for the maintenance of the State Capitol. (Share Fund #12900)

General Fund - Building Services Fund Account

To account for activities of the Legislative Council Service activity related to the maintenance of the State Capitol. (Share Fund #13200)

Combining and Individual Fund Financial Statements

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Combining Balance Sheet
General Fund - All Accounts
June 30, 2009**

	General Fund		Total General Fund
	Fund 12900 Council Service Account	Fund 13200 Building Service Account	
<u>Assets</u>			
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ 1,208,675	\$ 4,714,278	\$ 5,922,953
Petty cash	100	50	150
Due from other state agencies (note 9)	15,794	6,111	21,905
Total assets	\$ 1,224,569	\$ 4,720,439	\$ 5,945,008
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 37,151	\$ 121,417	\$ 158,568
Accrued salaries payable	87,661	57,138	144,799
Payroll taxes payable	37,994	20,464	58,458
Payroll benefits payable	55,137	44,676	99,813
Due to State General Fund (note 5)	990,457	157,048	1,147,505
Total liabilities	1,208,400	400,743	1,609,143
Fund Balance:			
Reserved for:			
Petty cash	100	50	150
Subsequent years' expenditure	16,069	4,319,646	4,335,715
Total fund balance	16,169	4,319,696	4,335,865
Total liabilities and fund balance	\$ 1,224,569	\$ 4,720,439	\$ 5,945,008

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
General Fund - All Accounts
Year Ended June 30, 2009**

	General Fund		Total General Fund
	Fund 12900 Council Service Account	Fund 13200 Building Services Account	
Expenditures:			
Legislative:			
Current:			
Personal services and employee benefits	\$ 4,078,124	\$ 2,809,049	\$ 6,887,173
Contractual services	132,365	160,331	292,696
Other	752,978	928,670	1,681,648
Capital outlay	130,133	179,084	309,217
Total expenditures	<u>5,093,600</u>	<u>4,077,134</u>	<u>9,170,734</u>
Other financing sources (uses):			
Transfers:			
State General Fund appropriations	5,941,000	4,125,000	10,066,000
Compensation appropriation (note 6)	103,200	66,400	169,600
Reversions - Fiscal Year 2009 (note 5)	<u>(1,034,531)</u>	<u>(156,667)</u>	<u>(1,191,198)</u>
Total other financing sources (uses)	<u>5,009,669</u>	<u>4,034,733</u>	<u>9,044,402</u>
Net change in fund balance	<u>(83,931)</u>	<u>(42,401)</u>	<u>(126,332)</u>
Fund Balances:			
Fund balance, beginning of year, as reported	100,100	4,387,097	4,487,197
Restatements:			
Prior-period adjustment-Due from other state agencies overstated (note 13)	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Fund balance, beginning of year, as restated	<u>100,100</u>	<u>4,362,097</u>	<u>4,462,197</u>
Fund balance, end of year	<u>\$ 16,169</u>	<u>\$ 4,319,696</u>	<u>\$ 4,335,865</u>

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues and Expenditures
Budget and Actual (Budget Basis)
General Fund - All Accounts
Council Service Account - Fund 12900 and Building Services Account - Fund 13200
For the Year Ended June 30, 2009

(From Statements 4 and 9)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State General Fund	\$ 10,198,500	\$ 9,873,300	\$ -	\$ 10,066,000	\$ 192,700
Other revenues	4,575,000	4,575,000	4,575,000	-	-
Other financing sources	<u>169,600</u>	<u>169,600</u>	<u>-</u>	<u>169,600</u>	<u>-</u>
Total revenues	14,943,100	14,617,900	<u>\$ 4,575,000</u>	<u>\$ 10,235,600</u>	<u>\$ 192,700</u>
Prior-year cash balance	<u>-</u>	<u>25,000</u>			
Total resources	<u>\$ 14,943,100</u>	<u>\$ 14,642,900</u>			
Expenditures:					
Personal services	\$ 7,744,700	\$ 7,425,000	\$ -	\$ 6,887,173	\$ 537,827
Contractual services	1,663,200	1,621,400	137,953	292,696	1,190,751
Other	<u>5,535,200</u>	<u>5,596,500</u>	<u>-</u>	<u>1,990,865</u>	<u>3,605,635</u>
Total expenditures	<u>\$ 14,943,100</u>	<u>\$ 14,642,900</u>	<u>\$ 137,953</u>	<u>\$ 9,170,734</u>	<u>\$ 5,334,213</u>
Reconciliation of GAAP basis to budget basis expenditures:					
GAAP basis expenditures				\$ 9,170,734	
Adjustments:					
None				<u>-</u>	
Budget basis expenditures				<u>\$ 9,170,734</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 2010 budget.

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues and Expenditures
Budget and Actual (Budget Basis)
General Fund - Council Service Account (Fund 12900) - All Departments
For the Year Ended June 30, 2009

(From Statements 5 through 8)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State General Fund	\$ 5,966,000	\$ 5,748,300	\$ -	\$ 5,941,000	\$ 192,700
Other revenues	75,000	75,000	75,000	-	-
Other financing sources	<u>103,200</u>	<u>103,200</u>	<u>-</u>	<u>103,200</u>	<u>-</u>
Total revenues	6,144,200	5,926,500	<u>\$ 75,000</u>	<u>\$ 6,044,200</u>	<u>\$ 192,700</u>
Prior-year cash balance	<u>-</u>	<u>25,000</u>			
Total resources	<u>\$ 6,144,200</u>	<u>\$ 5,951,500</u>			

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Personal services	\$ 4,681,400	\$ 4,532,300	\$ -	\$ 4,078,124	\$ 454,176
Contractual services	240,000	232,300	-	132,365	99,935
Other	<u>1,222,800</u>	<u>1,186,900</u>	<u>-</u>	<u>883,111</u>	<u>303,789</u>
Total expenditures	<u>\$ 6,144,200</u>	<u>\$ 5,951,500</u>	<u>\$ -</u>	<u>\$ 5,093,600</u>	<u>\$ 857,900</u>

Reconciliation of GAAP basis to budget basis expenditures:

GAAP basis expenditures	\$ 5,093,600
Adjustments:	
None	<u>-</u>
Budget basis expenditures	<u>\$ 5,093,600</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 2010 budget.

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues and Expenditures
Budget and Actual (Budget Basis)
General Fund - Council Service Account (Fund 12900 - Dept. Z0000)
For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 5,448,000	\$ 5,255,300	\$ 5,448,000	\$ 192,700
Other revenues	-	-	-	-
Other financing sources	<u>103,200</u>	<u>103,200</u>	<u>103,200</u>	<u>-</u>
Total revenues	5,551,200	5,358,500	<u>\$ 5,551,200</u>	<u>\$ 192,700</u>
Prior-year cash balance	<u>-</u>	<u>-</u>		
Total resources	<u>\$ 5,551,200</u>	<u>\$ 5,358,500</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Personal services	\$ 4,681,400	\$ 4,532,300	\$ 4,078,124	\$ 454,176
Contractual services	240,000	232,300	132,365	99,935
Other	<u>629,800</u>	<u>593,900</u>	<u>466,026</u>	<u>127,874</u>
Total expenditures	<u>\$ 5,551,200</u>	<u>\$ 5,358,500</u>	<u>\$ 4,676,515</u>	<u>\$ 681,985</u>
Reconciliation of GAAP basis to budget basis expenditures:				
GAAP basis expenditures			\$ 4,676,515	
Adjustments:				
None			<u>-</u>	
Budget basis expenditures			<u>\$ 4,676,515</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 2010 budget.

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues and Expenditures
Budget and Actual (Budget Basis)
General Fund - Council Service Account (Fund 12900 - Dept. Z0100)
For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 493,000	\$ 493,000	\$ 493,000	\$ -
Other revenues	-	-	-	-
Other financing sources	-	-	-	-
Total revenues	493,000	493,000	<u>\$ 493,000</u>	<u>\$ -</u>
Prior-year cash balance	-	-		
Total resources	<u>\$ 493,000</u>	<u>\$ 493,000</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Personal services	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	493,000	493,000	333,713	159,287
Total expenditures	<u>\$ 493,000</u>	<u>\$ 493,000</u>	<u>\$ 333,713</u>	<u>\$ 159,287</u>
Reconciliation of GAAP basis to budget basis expenditures:				
GAAP basis expenditures			\$ 333,713	
Adjustments:				
None			<u>-</u>	
Budget basis expenditures			<u>\$ 333,713</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 2010 budget.

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues and Expenditures
Budget and Actual (Budget Basis)
General Fund - Council Service Account (Fund 12900 - Dept. A060274)
Multi-Year Appropriation - Webcasting Project
Laws 2006, Chapter 111 (Lapses upon completion)
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Prior Years' Activity	Actual (Budget Basis)	Variance Favorable (Unfavorable)
Revenues:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	75,000	75,000	75,000	-	-
Other financing sources	-	-	-	-	-
Total revenues	75,000	75,000	\$ 75,000	\$ -	\$ -
Prior-year cash balance	-	-			
Total resources	\$ 75,000	\$ 75,000			

	Original Budget	Final Budget	Prior Years' Activity	Actual (Budget Basis)	Variance Favorable (Unfavorable)
Expenditures:					
Personal services	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-	-
Other	75,000	75,000	-	58,911	16,089
Other financing uses	-	-	-	-	-
Total expenditures	\$ 75,000	\$ 75,000	\$ -	\$ 58,911	\$ 16,089

Reconciliation of GAAP basis to budget basis expenditures:

GAAP basis expenditures	\$ 58,911
Adjustments:	
None	-
Budget basis expenditures	\$ 58,911

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 2010 budget.

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues and Expenditures
Budget and Actual (Budget Basis)
General Fund - Council Service Account (Fund 12900 - Dept. A084093)
Multi-Year Appropriation - Civilian Conservation Corps Worker Statute
Laws 2008, Chapter 92 (Lapses 06/30/2012)
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Prior Years' Activity	Actual (Budget Basis)	Variance Favorable (Unfavorable)
Revenues:					
State General Fund	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	-	-	-
Other financing sources	-	-	-	-	-
Total revenues	25,000	-	\$ -	\$ -	\$ -
Prior-year cash balance	-	25,000			
Total resources	\$ 25,000	\$ 25,000			

	Original Budget	Final Budget	Prior Years' Activity	Actual (Budget Basis)	Variance Favorable (Unfavorable)
Expenditures:					
Personal services	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-	-
Other	25,000	25,000	-	24,461	539
Total expenditures	\$ 25,000	\$ 25,000	\$ -	\$ 24,461	\$ 539

Reconciliation of GAAP basis to budget basis expenditures:

GAAP basis expenditures	\$ 24,461
Adjustments:	
None	-
Budget basis expenditures	\$ 24,461

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 2010 budget.

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues and Expenditures
Budget and Actual (Budget Basis)
General Fund - Building Services Account (Fund 13200) - All Departments
For the Year Ended June 30, 2009

(From Statements 10 and 11)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State General Fund	\$ 4,232,500	\$ 4,125,000	\$ -	\$ 4,125,000	\$ -
Other revenues	4,500,000	4,500,000	4,500,000	-	-
Other financing sources	<u>66,400</u>	<u>66,400</u>	<u>-</u>	<u>66,400</u>	<u>-</u>
Total revenues	8,798,900	8,691,400	<u>\$ 4,500,000</u>	<u>\$ 4,191,400</u>	<u>\$ -</u>
Prior-year cash balance	<u>-</u>	<u>-</u>			
Total resources	<u>\$ 8,798,900</u>	<u>\$ 8,691,400</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Personal services	\$ 3,063,300	\$ 2,892,700	\$ -	\$ 2,809,049	\$ 83,651
Contractual services	1,423,200	1,389,100	137,953	160,331	1,228,769
Other	<u>4,312,400</u>	<u>4,409,600</u>	<u>-</u>	<u>1,107,754</u>	<u>3,301,846</u>
Total expenditures	<u>\$ 8,798,900</u>	<u>\$ 8,691,400</u>	<u>\$ 137,953</u>	<u>\$ 4,077,134</u>	<u>\$ 4,614,266</u>
Reconciliation of GAAP basis to budget basis expenditures:					
GAAP basis expenditures				\$ 4,077,134	
Adjustments:					
None				<u>-</u>	
Budget basis expenditures				<u>\$ 4,077,134</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 2010 budget.

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues and Expenditures
Budget and Actual (Budget Basis)
General Fund - Building Services Account (Fund 13200 - Dept. Z0000)
For the Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 4,232,500	\$ 4,125,000	\$ 4,125,000	\$ -
Other revenues	-	-	-	-
Other financing sources	<u>66,400</u>	<u>66,400</u>	<u>66,400</u>	<u>-</u>
Total revenues	4,298,900	4,191,400	<u>\$ 4,191,400</u>	<u>\$ -</u>
Prior-year cash balance	<u>-</u>	<u>-</u>		
Total resources	<u>\$ 4,298,900</u>	<u>\$ 4,191,400</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Personal services	\$ 3,063,300	\$ 2,892,700	\$ 2,809,049	\$ 83,651
Contractual services	165,000	130,900	117,929	12,971
Other	<u>1,070,600</u>	<u>1,167,800</u>	<u>1,107,754</u>	<u>60,046</u>
Total expenditures	<u>\$ 4,298,900</u>	<u>\$ 4,191,400</u>	<u>\$ 4,034,732</u>	<u>\$ 156,668</u>
Reconciliation of GAAP basis to budget basis expenditures:				
GAAP basis expenditures			\$ 4,034,732	
Adjustments:				
None			<u>-</u>	
Budget basis expenditures			<u>\$ 4,034,732</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 2010 budget.

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

STATE OF NEW MEXICO
 LEGISLATIVE COUNCIL SERVICE
 Statement of Revenues and Expenditures
 Budget and Actual (Budget Basis)
 General Fund - Building Services Account (Fund 13200 - Dept. Z1500)
 Multi-Year Appropriation - Renovation at Capitol North (Lapses 6/30/2012)
 For the Year Ended June 30, 2009

	Original Budget	Final Budget	Prior Years' Activity	Actual (Budget Basis)	Variance Favorable (Unfavorable)
Revenues:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	4,500,000	4,500,000	4,500,000	-	-
Other financing sources	-	-	-	-	-
Total revenues	4,500,000	4,500,000	\$ 4,500,000	\$ -	\$ -
Prior-year cash balance	-	-			
Total resources	\$ 4,500,000	\$ 4,500,000			

	Original Budget	Final Budget	Prior Years' Activity	Actual (Budget Basis)	Variance Favorable (Unfavorable)
Expenditures:					
Personal services	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	1,258,200	1,258,200	137,953	42,402	1,077,845
Other	3,241,800	3,241,800	-	-	3,241,800
Total expenditures	\$ 4,500,000	\$ 4,500,000	\$ 137,953	\$ 42,402	\$ 4,319,645

Reconciliation of GAAP basis to budget basis expenditures:

GAAP basis expenditures	\$ 42,402
Adjustments:	
None	-
Budget basis expenditures	\$ 42,402

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 2010 budget.

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

OTHER REPORTS

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

State of New Mexico -
Legislative Council Service
and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund, and the Capital Buildings Repair Special Revenue Fund, and the combining and individual fund financial statements and budgetary comparisons presented as supplemental information of the State of New Mexico, Legislative Council Service, as of and for the year ended June 30, 2009, and have issued our report thereon dated October 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Legislative Council Service's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the State of New Mexico, Legislative Council Service's internal control.




A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the State of New Mexico, Legislative Council Service's internal control.

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

Compliance and Other Matters

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

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


Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 30, 2009

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Schedule of Findings and Responses**

June 30, 2009

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
LEGISLATIVE COUNCIL SERVICE**

June 30, 2009

Financial Statement Preparation

The financial statements were prepared by the independent certified public accountant performing the audit, with the assistance of the Legislative Council 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.

Exit Conference

An exit conference was held on December 3, 2009, to discuss the audit. The following individuals were in attendance:

State of New Mexico - Legislative Council Service

Timothy Z. Jennings, President Pro-Tempore of the Senate, Legislative Council Co-Chairman
Representative Ben Lujan, Speaker of the House, Legislative Council Co-Chairman
Paula Tackett, Director, Legislative Council Service
Kathy Pacheco-Dofflemeyer, Assistant Director for Administration

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

Robert J. Rivera, CPA