

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE**

**Financial Statements
For the Year Ended June 30, 2012**

(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
LEGISLATIVE COUNCIL SERVICE
Table of Contents**

June 30, 2012

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

Financial Section

Independent Auditor's Report	vi-vii
Management's Discussion and Analysis	viii-xv

Basic Financial Statements:

Government-wide Financial Statements

Exhibit

Statement of Net Assets	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) - Major Governmental Funds General Fund - All Accounts	E	5
Statement of Revenues and Expenditures Budget and Actual (Budget Basis) - Major Governmental Funds Capital Buildings Repair Special Revenue Fund (Fund 07500)	F	6
Notes to the Financial Statements		7-19

Combining and Individual Fund Financial Statements

Statement

Combining Balance Sheet – General Fund - All Accounts	1	20
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund - All Accounts	2	21

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Table of Contents**

June 30, 2012

	<u>Statement</u>	<u>Page</u>
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)	3	22
Statement of Revenues and Expenditures Budget and Actual (Budget Basis) - General Fund - Council Service Account (Fund 12900) - All Departments	4	23
Statement of Revenues and Expenditures Budget and Actual (Budget Basis) - General Fund - Council Service Account (Fund 12900 - Dept. Z0000)	5	24
Statement of Revenues and Expenditures Budget and Actual (Budget Basis) - General Fund - Council Service Account (Fund 12900 - Dept. Z0100)	6	25
Statement of Revenues and Expenditures Budget and Actual (Budget Basis) - General Fund - Building Services Account (Fund 13200) - All Departments	7	26
Statement of Revenues and Expenditures Budget and Actual (Budget Basis) - General Fund - Building Services Account (Fund 13200 - Dept. Z0000)	8	27
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	9	28
Statement of Revenues and Expenditures Budget and Actual (Budget Basis) - General Fund - Building Services Account (Fund 13200 - Dept. Z10504) Multi-Year Appropriation - Weatherization at State Capitol	10	29
 Other Reports		
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		30-31

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Table of Contents**

June 30, 2012

	<u>Page</u>
Schedule of Findings and Responses	32
Financial Statement Preparation and Exit Conference	33

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

June 30, 2012

Legislative Council Members

<u>Title</u>	<u>Name</u>	<u>Role</u>
Senator	Timothy Z. Jennings	Co-Chair
Representative	Ben Lujan	Co-Chair
Senator	Carlos R. Cisneros	Member
Senator	William E. Sharer	Member
Representative	Thomas A. Anderson	Member
Senator	Stuart Ingle	Member
Representative	Donald E. Bratton	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	Anna M. Crook	Member

Administrative Officials

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

FINANCIAL SECTION

ROBERT J. RIVERA, CPA, PC

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

(505) 983-6002

FAX (505) 983-6474

INDEPENDENT AUDITOR'S REPORT

Senator Timothy Z. Jennings, President Pro-Tem of the Senate
and
Representative Ben Lujan, Speaker of the House of Representatives
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, the aggregate remaining fund information, and budgetary comparisons for the General Fund and major special revenue funds of the State of New Mexico, Legislative Council Service (Council), a component unit of the State of New Mexico, as of and for the year ended June 30, 2012, 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 and budgetary comparisons presented as supplemental information as of and for the year ended June 30, 2012, 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,



2012, 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, Legislative Council Service, as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and major special revenue funds 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 previously present fairly, in all material respects, the respective financial position of each of the Legislative Council Service and Legislative Building Services SHARE funds of the State of New Mexico, Legislative Council Service as of June 30, 2012, and the respective changes in financial position thereof, and the respective budgetary comparisons for the Legislative Council Service and Legislative Building Services SHARE funds 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 19, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages viii through xv 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 the 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 to provide any assurance.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
October 19, 2012

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2012**

OVERVIEW

Our discussion and analysis of the State of New Mexico, Legislative Council Service financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2012. 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 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, 2012**

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 Most Significant Funds

Governmental Activities - Fund Financial Statements

Governmental Funds - All of the Council Service 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, 2012**

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 Special Revenue 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 F 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 7 through 19 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 E and F, and Statements 3 through 10. 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 net assets decreased by \$1,278,694 from a year ago, decreasing from \$48,999,527 to \$47,720,833. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Council Service governmental activities.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2012**

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

Table 1

Condensed Net Assets - Governmental Activities

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Change</u>
<u>Assets</u>			
Current	\$ 5,711,897	\$ 5,637,533	\$ 74,364
Capital assets (net of depreciation)	<u>43,891,334</u>	<u>45,263,153</u>	<u>(1,371,819)</u>
Total assets	<u>49,603,231</u>	<u>50,900,686</u>	<u>(1,297,455)</u>
<u>Liabilities</u>			
Current	1,449,655	1,442,329	7,326
Long-term	<u>432,743</u>	<u>458,830</u>	<u>(26,087)</u>
Total liabilities	<u>1,882,398</u>	<u>1,901,159</u>	<u>(18,761)</u>
<u>Net Assets</u>			
Invested in capital assets	43,891,334	45,263,153	(1,371,819)
Restricted for subsequent years' expenditure	4,581,422	4,480,748	100,674
Unrestricted	<u>(751,923)</u>	<u>(744,374)</u>	<u>(7,549)</u>
Total net assets	<u>\$ 47,720,833</u>	<u>\$ 48,999,527</u>	<u>\$ (1,278,694)</u>

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

Current assets increased by \$74,364, or 1.32% from a year ago. Current assets consist mostly of cash (\$5,705,212). Current liabilities increased by \$7,326, or .051% from a year ago. This is mainly attributable to compensated absences.

Liabilities of \$1,882,398 constitute 3.80% of total assets and consist primarily of account payable (\$108,477) 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 (\$53,958); payroll taxes payable (\$63,426); payroll benefits payable (\$122,828); due to the State General Fund (\$781,636); and, compensated absences payable (\$752,073).

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.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2012**

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

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 \$4,581,422 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 \$1,278,694 was the result of the \$1,371,819 of a decrease in net capital assets, an increase of \$100,674 in funds restricted for subsequent years' expenditures, and an increase of \$7,549 in compensated absences payable.

**Table 2
Condensed Changes in Net Assets - Governmental Activities**

This table shows the components that decreased, in the aggregate, the Council Service net assets.

	<u>FY 2012</u>	<u>FY 2011</u>	<u>Change</u>
General Revenues and Transfers:			
General revenues:			
Miscellaneous revenue	\$ 1,543	\$ 136,462	\$ (134,919)
Transfers:			
State General Fund appropriations (net of reversions)	8,439,741	8,517,441	(77,700)
Operating transfers in	130,302	-	130,302
Transfers out	-	-	-
Transfers in - capital assets	209,631	29,628	180,003
Total revenues and transfers	<u>8,781,217</u>	<u>8,683,531</u>	<u>97,686</u>
Program expenses:			
General government	8,353,910	8,487,686	(133,776)
Depreciation expense	1,706,002	1,660,689	45,313
Total expenses	<u>10,059,912</u>	<u>10,148,375</u>	<u>(88,463)</u>
Change in net assets	<u>(1,278,695)</u>	<u>(1,464,844)</u>	<u>186,149</u>
Net assets, beginning (as reported)	48,999,528	50,464,372	(1,464,844)
Restatements:			
Prior-period adjustments	-	(1)	1
Net assets beginning (as restated)	<u>48,999,528</u>	<u>50,464,371</u>	<u>(1,464,843)</u>
Net assets, ending	<u>\$ 47,720,833</u>	<u>\$ 48,999,527</u>	<u>\$ (1,278,694)</u>

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2012**

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

The Council Service governmental activities general revenue increased by \$97,686, from a year ago. The change was not significant.

The cost of governmental activities was \$10,059,912 compared to \$10,148,375 last year, or a decrease of \$88,463 (0.87%).

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 \$4,581,572, which is above last year's combined fund balance of \$4,480,897, an increase of \$100,675 (2.3%). The fund balance of the Council Services' general fund decreased insignificantly by \$29,628. The fund balance of the Capitol Buildings Repair Special Revenue Fund increased insignificantly by \$130,303. The combined fund balance of \$4,581,572 remaining at year end includes \$4,581,422 restricted 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 \$147,923 change from the total of the original approved budget of \$13,899,300 to the final revised budget of \$13,751,377 which is due to a legislative mandated reduction in fiscal year 2012 appropriations enacted in January 2012.

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

	<u>Original Budget</u>	<u>BAR Adjustments</u>	<u>Final Budget</u>	<u>Actual Amount</u>
Personal services/employee benefits	\$ 7,038,600	\$ (247,923)	\$ 6,790,677	\$ 6,242,877
Contractual services	1,558,700	-	1,558,700	230,766
Other	5,302,000	(900,000)	4,402,000	1,997,269
Other financing uses	-	1,000,000	1,000,000	-
Total	<u>\$ 13,899,300</u>	<u>\$ (147,923)</u>	<u>\$ 13,751,377</u>	<u>\$ 8,470,912</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
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2012**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the Council Service had \$74,685,284 invested in capital assets, accumulated depreciation of (\$30,793,950), resulting in net capital assets of \$43,891,334. The majority of the Council Service's capital assets are invested in land (\$1,277,372), and buildings and building improvements of \$72,395,282.

There were current year additions of capital assets totaling (\$334,182). The deletions of capital assets (\$29,931) were insignificant.

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

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2,011</u>
<u>Non-Depreciable</u>		
Land	\$ 1,277,372	\$ 1,277,372
Artwork and books	<u>174,775</u>	<u>174,775</u>
Total non-depreciable capital assets	<u>1,452,147</u>	<u>1,452,147</u>
<u>Depreciable</u>		
Furniture and equipment	379,021	120,439
Buildings	14,788,907	15,178,907
Building improvements	<u>27,271,259</u>	<u>28,511,660</u>
Total depreciable capital assets	<u>42,439,187</u>	<u>43,811,006</u>
Total governmental activities capital assets, net	<u>\$ 43,891,334</u>	<u>\$ 45,263,153</u>

Debt - Compensated Absences

At the end of the current fiscal year, the Council Service had total debt outstanding of \$752,073, 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 2013 from the General Fund in Laws 2012, Chapter 1, Subsection A of Section 3 and Sections 4, 5, 7 and 8 operating budgets were increased to provide for the employer contribution rates under the public employee retirement act. Appropriations were also made for FY2013 from the General Fund for the Legislative Building Services Fund in Laws 2012, Ch. 19. The increase was made in the personal services and employee benefits category.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2012**

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 Council Service finances and to demonstrate the Council Service 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, 2012**

		<u>Governmental Activities</u>
Assets:		
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$	5,705,212
Petty cash		150
Other receivables		447
Due from other state agencies (note 9)		6,088
Land (note 3)	\$	1,277,372
Artwork and books (note 1 and 3)		174,775
Depreciable buildings, property and equipment (net of accumulated depreciation) (note 3)		<u>42,439,187</u>
		<u>43,891,334</u>
 Total assets		 <u>49,603,231</u>
 Liabilities:		
Accounts payable		108,477
Accrued salaries payable		53,958
Payroll taxes payable		63,426
Payroll benefits payable		122,828
Due to State General Fund (note 5)		781,636
Compensated absences payable: (note 4)		
Due within one year	\$	319,330
Due after one year		<u>432,743</u>
		<u>752,073</u>
 Total liabilities		 <u>1,882,398</u>
 Net Assets:		
Invested in capital assets		43,891,334
Restricted for subsequent years' expenditure		4,581,422
Unrestricted		<u>(751,923)</u>
 Total net assets	 \$	 <u><u>47,720,833</u></u>

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, 2012**

	Governmental Activities
Expenses:	
Legislative	\$ 8,353,910
Depreciation	1,706,002
Total expenses	10,059,912
Net (program expense) revenue	(10,059,912)
General revenues and transfers:	
Miscellaneous revenue	1,543
Total general revenues	1,543
Transfers:	
State General Fund appropriations	9,221,377
Donated capital assets	209,631
Operating transfers in (note 6)	130,302
Reversions - Fiscal Year 2012 (note 5)	(781,636)
Total transfers	8,779,674
Total general revenues and transfers, net	8,781,217
Change in net assets	(1,278,695)
Net Assets:	
Net assets, beginning	48,999,528
Net assets, ending	\$ 47,720,833

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Balance Sheet
Governmental Funds
June 30, 2012**

	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)	\$ 4,443,435	\$ 1,261,777	\$ 5,705,212
Petty cash	150	-	150
Other receivables	447	-	-
Due from other state agencies (note 9)	6,088	-	6,088
Total assets	\$ 4,450,120	\$ 1,261,777	\$ 5,711,450
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 108,477	\$ -	\$ 108,477
Accrued salaries payable	53,958	-	53,958
Payroll taxes payable	63,426	-	63,426
Payroll benefits payable	122,828	-	122,828
Due to State General Fund (note 5)	781,636	-	781,636
Total liabilities	1,130,325	-	1,130,325
Fund Balances:			
Committed:			
Petty cash	150	-	150
Restricted:			
Subsequent years' expenditures (note 12)	3,319,645	1,261,777	4,581,422
Total fund balances	3,319,795	1,261,777	4,581,572
Total liabilities and fund balances	\$ 4,450,120	\$ 1,261,777	\$ 5,711,897
Amounts reported in the Statement of Net Assets (Exhibit A) differ because:			
Fund Balances - Governmental Funds (Exhibit C)			\$ 4,581,572
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation			43,891,334
Compensated absences accrued in the government-wide financial statements, but not due and payable at fiscal year end			(752,073)
Net Assets of Governmental Activities (Exhibit A)			\$ 47,720,833

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, 2012

	Major Funds		Total Governmental Funds
	General Fund - All Accounts	Fund 07500 Capitol Buildings Repair Special Revenue Fund	
Expenditures:			
Legislative:			
Current:			
Personal services and employee benefits	\$ 6,242,877	\$ -	\$ 6,242,877
Contractual services	230,766	-	230,766
Other costs	1,823,856	-	1,823,856
Capital outlay	173,413	-	173,413
Total expenditures	8,470,912	-	8,470,912
Other financing sources (uses):			
Miscellaneous revenue	1,543	130,303	131,846
Transfers:			
State General Fund appropriations	9,221,377	-	9,221,377
Reversions - Fiscal Year 2012 (note 5)	(781,636)	-	(781,636)
Total other financing sources (uses)	8,441,284	130,303	8,571,587
Net change in fund balances	(29,628)	130,303	100,675
Fund Balances:			
Fund balance, beginning	3,349,423	1,131,474	4,480,897
Fund balance, ending	\$ 3,319,795	\$ 1,261,777	\$ 4,581,572

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$ 100,675
Capital outlay reported as expenditures in governmental funds	124,551
Capital asset contributions	209,631
Depreciation expense - FY 2012	(1,706,002)
Net change in compensated absences-not requiring the use of current financial resources - not reported as expenditures in governmental funds	(7,550)
Change in Net Assets - Governmental Activities (Exhibit B)	\$ (1,278,695)

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 (Combined)
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Prior Years' Activity</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
State General Fund	\$ 9,369,300	\$ 9,221,377	\$ -	\$ 9,221,377	\$ -
Other revenues	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>1,543</u>	<u>1,543</u>
Total revenues	13,869,300	13,721,377	<u>\$ 4,500,000</u>	<u>\$ 9,222,920</u>	<u>\$ 1,543</u>
Cash balance	<u>30,000</u>	<u>30,000</u>			
Total resources	<u>\$ 13,899,300</u>	<u>\$ 13,751,377</u>			
Expenditures:					
Personal services and employee benefits	\$ 7,038,600	\$ 6,790,677	\$ -	\$ 6,242,877	\$ 547,800
Contractual services	1,558,700	1,558,700	180,355	230,766	1,147,579
Other	5,302,000	4,402,000	-	1,997,269	2,404,731
Other financing uses	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 13,899,300</u>	<u>\$ 13,751,377</u>	<u>\$ 1,180,355</u>	<u>\$ 8,470,912</u>	<u>\$ 4,100,110</u>
Reconciliation of GAAP basis to budget basis:				<u>Revenues</u>	<u>Expenditures</u>
GAAP basis				\$ 9,222,920	\$ 8,470,912
Adjustments:					
None				<u>-</u>	<u>-</u>
Budget basis				<u>\$ 9,222,920</u>	<u>\$ 8,470,912</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 2013 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, 2012

	Budgeted Amounts		Actual Budget Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other revenues	\$ -	\$ -	\$ 11,712	\$ 11,712
Other financing sources	-	-	118,590	118,590
	-	-	130,302	130,302
Total revenues	\$ <u>-</u>	\$ <u>-</u>	\$ <u>130,302</u>	\$ <u>130,302</u>
Expenditures:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
	-	-	-	-
Total expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Reconciliation of GAAP basis to budget basis:			Revenues	Expenditures
GAAP basis			\$ 130,302	\$ -
Adjustments:				
None			-	-
			130,302	-
Budget basis			\$ <u>130,302</u>	\$ <u>-</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 2013 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, 2012**

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, 2012, represent fiscal year 2012 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 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 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 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 net assets resulting from the current

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

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

B. Basic Financial Statements - Government-Wide Statements (Cont'd)

year's activities. When an expense is incurred for purposes for which both unrestricted and restricted net assets are available, restricted net assets are used first, then unrestricted.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the 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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

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

D. Basis of Accounting (Cont'd)

pronouncements conflict with GASB pronouncements. Both GASB and FASB pronouncements are applied to the government-wide financial statements.

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. Net Assets/Fund Equity/Fund Balances

In the government-wide financial statements, net assets consist of three components: invested in capital assets, net of related debt; restricted; and unrestricted.

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

Governmental fund balances are now divided into five classifications based on the extent to which government is bound to honor constraints on the specific purposes for which amounts in that fund can be spent.

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

The spendable fund categories can be depicted as follows:

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

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

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

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.

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.

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.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

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

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 2012 budget. At June 30, 2012, there were none.

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

2. Investment in the State Treasurer General Fund Investment Pool

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

Pooled cash and investments of \$5,705,212 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 June 30, 2012 State Treasurer's investment pool audited financial statements were not available as of October 19, 2012. 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*.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

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

<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	\$ 817,713	\$ -	\$ 817,713
Building Service Fund Account	13200	3,625,722	-	3,625,722
<u>Special Revenue Fund:</u>				
Capital Buildings Repair Fund	07500	1,261,777	-	1,261,777
		<u>\$ 5,705,212</u>	<u>\$ -</u>	<u>\$ 5,705,212</u>

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

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

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2012.

General Fund Investment Pool Not Reconciled

In June 2012, an independent expert diagnostic report revealed that the General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human resources, Accounting, and management REporting system (SHARE) system in July 2006. The diagnostic report is available in the resources section of the cash control page of the New Mexico Department of Finance and Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx. The document title is Current State Diagnostic of Cash Control.

The General Fund Investment Pool is the State of New Mexico's main operating account. State revenues such as income taxes, sales taxes, rents and royalties, and other recurring revenues are credited to the General Fund Investment Pool. The fund also comprises numerous State agency accounts whose assets, by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury.

As of June 30, 2012, the General Fund Investment Pool has not been reconciled at the business unit/fund level. Essentially, independent, third-party verification/confirmation of the Legislative Council Service's balances at the business unit/fund level is not possible. It is the DFA/FCD's responsibility to perform the monthly reconciliation at the business unit/fund level to the General Fund Investment Pool.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

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

Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance and Administration (DFA/FCD) is taking aggressive action to resolve this serious problem. DFA/FCD has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

The purpose of the Remediation Project is to design and implement the changes necessary to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. The scheduled implementation date for the changes associated with the Remediation Project is February 1, 2013. An approach and plan to address the population of historical reconciling items will be developed during the Remediation Project, but a separate initiative will be undertaken to resolve the historical reconciling items.

The initial phase of the Remediation Project, completed on October 11, 2012, focused on developing a project plan and documenting current statewide business processes. The work product of the initial phase of the Remediation Project is a document entitled Cash Management Plan and Business Processes. This document is available on the Cash Control page of the New Mexico Department of Finance and Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

The Legislative Council Service has cash reconciliation policies and procedures in place which are performed on a monthly basis to ensure that the agency's cash balances in SHARE are correct and to mitigate the risk that the agency's cash balances would not be misstated as of June 30, 2012.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2012:

	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance 6/30/2012</u>
Governmental activities:				
Nondepreciable assets:				
Land	\$ 1,277,372	\$ -	\$ -	\$ 1,277,372
Artwork and books	174,775	-	-	174,775
Total	<u>1,452,147</u>	<u>-</u>	<u>-</u>	<u>1,452,147</u>
Depreciable assets:				
Furniture & equipment	533,604	334,182	(29,931)	837,855
Buildings	22,779,208	-	-	22,779,208
Building improvements	49,616,074	-	-	49,616,074
Total	<u>72,928,886</u>	<u>334,182</u>	<u>(29,931)</u>	<u>73,233,137</u>
Total capital assets	<u>74,381,033</u>	<u>334,182</u>	<u>(29,931)</u>	<u>74,685,284</u>
Less accumulated depreciation for:				-
Furniture & equipment	(413,165)	(75,600)	29,931	(458,834)
Buildings	(7,600,301)	(390,000)	-	(7,990,301)
Building improvements	<u>(21,104,413)</u>	<u>(1,240,402)</u>	<u>-</u>	<u>(22,344,815)</u>
Total accumulated depreciation	<u>(29,117,879)</u>	<u>(1,706,002)</u>	<u>29,931</u>	<u>(30,793,950)</u>
Total governmental activities capital assets net	<u>\$ 45,263,154</u>	<u>\$ (1,371,820)</u>	<u>\$ -</u>	<u>\$ 43,891,334</u>

Depreciation expense for the year of \$1,706,002 was charged to governmental activities.

Legislative

\$1,706,002

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 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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

4. Long-Term Liabilities (Cont'd)

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, 2012:

	<u>Balance 6/30/2011</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance 6/30/2012</u>	<u>Amounts Due Within One Year</u>	<u>Long Term</u>
Compensated absences						
Council Service	\$ 487,913	\$ 252,933	\$ (235,017)	\$ 505,829	\$ 230,672	\$ 275,157
Building Services	<u>256,610</u>	<u>144,720</u>	<u>(155,086)</u>	<u>246,244</u>	<u>88,658</u>	<u>157,586</u>
Total	<u>\$ 744,523</u>	<u>\$ 397,653</u>	<u>\$ (390,103)</u>	<u>\$ 752,073</u>	<u>\$ 319,330</u>	<u>\$ 432,743</u>

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

	<u>General Fund</u>		
	<u>Council Service</u>	<u>Building Services</u>	<u>Total</u>
Cash balance, June 30, 2012	\$ 817,713	\$ 3,625,722	\$ 4,443,435
Add:			
Due from other state agencies	448	-	448
Due from other state agencies (DFA-Payroll errors)	<u>80</u>	<u>6,008</u>	<u>6,088</u>
Amount available (all state cash)	818,241	3,631,730	4,449,971
Less:			
Accounts payable at 6/30/12	(42,669)	(65,809)	(108,478)
Accrued payroll at 6/30/12	(34,056)	(19,902)	(53,958)
Payroll taxes payable, 6/30/12	(42,624)	(20,802)	(63,426)
Payroll benefits payable, 6/30/12	(69,819)	(53,009)	(122,828)
Restricted for subsequent expenditure- capitol building renovations-multi year	<u>-</u>	<u>(3,319,645)</u>	<u>(3,319,645)</u>
Due to State General Fund, June 30, 2012	<u>\$ 629,073</u>	<u>\$ 152,563</u>	<u>\$ 781,636</u>
Reconciliation of Reversions to the amount due to the State General Fund:			
Total reversions	\$ 629,073	\$ 152,563	\$ 781,636
Reverted during fiscal year	-	-	-
Stale dated warrants and other	<u>-</u>	<u>-</u>	<u>-</u>
Due to State General Fund, June 30, 2012	<u>\$ 629,073</u>	<u>\$ 152,563</u>	<u>\$ 781,636</u>

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

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

Total reversions for the year for the Council Service Account, Fund 12900 amounted to \$629,073.
Total reversions for the year for the Building Services Account Fund 13200 amounted to \$152,563.
Total reversions for the two General Fund accounts amounted to \$781,636.

6. Transfers

Inter-agency transfers for the 2012 fiscal year are as follows:

<u>To</u>		<u>From</u>		<u>Purpose</u>
<u>Agency/Fund</u>	<u>Amount</u>	<u>Agency/Fund</u>	<u>Amount</u>	
11100/12900	\$ 5,368,200	34100/85300	\$ 5,368,200	General Fund appropriation, Laws 2011, Chapter 1
11900/13200	3,853,177	34100/85300	3,853,177	General Fund appropriation, Laws 2011, Chapter 179
11100/12900	84	35000/19704	84	EAP refunds
11100/12900	989	11400/74300	989	Correct posting error
11100/12900	506	13100/13300	506	Correct legislator per diem
11900/13200	88	35000/19704	88	EAP refunds
35000/35603	52,581	11100/12900	52,581	Property insurance payment to GSD
35000/3503	8,672	11100/12900	8,672	Unemployment insurance payment to GSD
35000/35903	500	11100/12900	500	Workers' compensation insurance payment to GSD
35000/35703	8,672	11900/13200	8,672	Unemployment insurance payment to GSD
35000/35603	192,276	11900/13200	192,276	Property insurance payment to GSD
35000/35703	8,805	11900/13200	8,805	Employee liability insurance payment to GSD
35000/35903	3,584	11900/13200	3,584	Workers' compensation insurance payment to GSD
13100/13300	16	11900/13200	16	Correct posting error
34101/85300	553,054	11100/12900	553,054	General Fund reversion 2011 FY
34101/85300	220,325	11900/13200	220,325	General Fund reversion 2011 FY
34101/85300	1,224	11100/12900	1,224	Prior-year media lease revenue recognition
34101/85300	19,442	11900/13200	19,442	Media lease revenues
34101/85300	247	11100/12900	247	Stale-dated warrants reversion
34101/85300	18	11100/12900	18	Scrap metal sale proceeds
34101/85300	84	11100/12900	84	Reversion of EAP refunds
11100/07500	118,590	35000/86305	118,590	2% Transfer (GSD-State Capitol Maintenance Fund per 15-3B-17)
11100/07500	<u>11,712</u>	11100/81100	<u>11,712</u>	Legislative Capitol Building Repair Fund
	<u>\$ 10,422,846</u>		<u>\$ 10,422,846</u>	

7. Pension Plan - Public Employees Retirement Association

Plan Description. Substantially all of the Legislative Council 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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

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

retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 8.92% (ranges from 3.83% to 16.65% depending upon the plan, i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The Legislative Council Service is required to contribute 15.09% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the Legislative Council Service are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Legislative Council Service's contributions to PERA for the fiscal years ending June 30, 2012, 2011 and 2010 were \$578,946, \$658,449, and \$690,851, respectively, equal to the amount of the required contributions for each year.

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 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.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.000%	1.000%

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

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

The Legislative Council Service contributions to the RHCA for the years ended June 30, 2012, 2011, and 2010, were \$79,194, \$72,242, and \$58,988, respectively, which equal the required contributions for each year.

9. Due from Other State Agencies

There is \$6,088 due from other state agencies at June 30, 2012. In the Legislative Building Service Fund 13200, an amount of \$6,008 is due from the New Mexico Department of Finance and Administration, \$80 is due from the Department of Cultural Affairs in General Fund 12900 resulting from payroll tax and employee benefit liability errors in the Statewide Human Resources, Accounting and Management Reporting System (SHARE), dating back to FY 2007.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2012**

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, 2012, amounted to \$119,060.

11. Risk Management and Litigation

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. Section 15-7-2, NMSA requires the RMD to be responsible for the acquisition and administration of all insurance purchased in the state. The RMD has effectively managed risk through various employee education and prevention programs. Risk management expenditures for the Council Service are accounted for in the general fund. All claims are processed through the RMD. There are no known or threatened legal proceedings involving material matters to which the Council Service is a party.

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	\$ 3,319,645	6/30/2014	Capitol Building Renovations appropriations Laws 2007, Ch. 192, Sec. 1 (Extended by Laws of 2012, Ch. 63, Sec. 102)

13. 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 (\$751,923). 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, 2012

	<u>General Fund</u>		<u>Total General Fund All Accounts</u>
	<u>Fund 12900 Council Service Account</u>	<u>Fund 13200 Building Service Account</u>	
<u>Assets</u>			
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ 817,713	\$ 3,625,722	\$ 4,443,435
Petty cash	100	50	150
Other receivables	447	-	447
Due from other state agencies (note 9)	80	6,008	6,088
	<u>818,340</u>	<u>3,631,780</u>	<u>4,450,120</u>
Total assets	\$ <u>818,340</u>	\$ <u>3,631,780</u>	\$ <u>4,450,120</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 42,668	\$ 65,809	\$ 108,477
Accrued salaries payable	34,056	19,902	53,958
Payroll taxes payable	42,624	20,802	63,426
Payroll benefits payable	69,819	53,009	122,828
Due to State General Fund (note 5)	629,073	152,563	781,636
	<u>818,240</u>	<u>312,085</u>	<u>1,130,325</u>
Total liabilities	<u>818,240</u>	<u>312,085</u>	<u>1,130,325</u>
Fund Balances:			
Committed:			
Petty cash	100	50	150
Restricted:			
Subsequent years' expenditure	-	3,319,645	3,319,645
	<u>100</u>	<u>3,319,695</u>	<u>3,319,795</u>
Total fund balances	<u>100</u>	<u>3,319,695</u>	<u>3,319,795</u>
Total liabilities and fund balance	\$ <u>818,340</u>	\$ <u>3,631,780</u>	\$ <u>4,450,120</u>

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, 2012

	General Fund		
	Fund 12900	Fund 13200	Total
	Council	Building	General
	Service	Services	Fund
	Account	Account	Fund
Expenditures:			
Legislative:			
Current:			
Personal services and employee benefits	\$ 3,757,962	\$ 2,484,915	\$ 6,242,877
Contractual services	144,802	85,964	230,766
Other	708,192	1,115,664	1,823,856
Capital outlay	128,171	45,242	173,413
	<u>4,739,127</u>	<u>3,731,785</u>	<u>8,470,912</u>
Total expenditures			
Other financing sources (uses):			
Miscellaneous revenue	-	1,543	1,543
Transfers:			
State General Fund appropriations	5,368,200	3,853,177	9,221,377
Reversions - Fiscal Year 2012 (note 5)	<u>(629,073)</u>	<u>(152,563)</u>	<u>(781,636)</u>
	<u>4,739,127</u>	<u>3,702,157</u>	<u>8,441,284</u>
Total other financing sources (uses)			
Net change in fund balances	-	(29,628)	(29,628)
Fund Balances:			
Fund balance, beginning of year	<u>100</u>	<u>3,349,323</u>	<u>3,349,423</u>
Fund balance, ending	<u>\$ 100</u>	<u>\$ 3,319,695</u>	<u>\$ 3,319,795</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, 2012

(From Statements 4 and 7)

	<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	\$ 9,369,300	\$ 9,221,377	\$ -	\$ 9,221,377	\$ -
Other revenues	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>1,543</u>	<u>1,543</u>
Total revenues	13,869,300	13,721,377	<u>\$ 4,500,000</u>	<u>\$ 9,222,920</u>	<u>\$ 1,543</u>
Prior-year cash balance	<u>30,000</u>	<u>30,000</u>			
Total resources	<u>\$ 13,899,300</u>	<u>\$ 13,751,377</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	\$ 7,038,600	\$ 6,790,677	\$ -	\$ 6,242,877	\$ 547,800
Contractual services	1,558,700	1,558,700	180,355	230,766	1,147,579
Other	5,302,000	4,402,000	-	1,997,269	2,404,731
Other financing uses	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 13,899,300</u>	<u>\$ 13,751,377</u>	<u>\$ 1,180,355</u>	<u>\$ 8,470,912</u>	<u>\$ 4,100,110</u>

Reconciliation of GAAP basis to budget basis:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 9,222,920	\$ 8,470,912
Adjustments:		
None	<u>-</u>	<u>-</u>
Budget basis	<u>\$ 9,222,920</u>	<u>\$ 8,470,912</u>

Note:

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

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

STATE OF NEW MEXICO
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, 2012

(From Statements 5 and 6)

	<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	\$ 5,482,100	\$ 5,368,200	\$ -	\$ 5,368,200	\$ -
Total revenues	5,482,100	5,368,200	<u>\$ -</u>	<u>\$ 5,368,200</u>	<u>\$ -</u>
Prior-year cash balance	<u>-</u>	<u>-</u>			
Total resources	<u>\$ 5,482,100</u>	<u>\$ 5,368,200</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	\$ 4,293,900	\$ 4,180,000	\$ -	\$ 3,757,962	\$ 422,038
Contractual services	203,200	203,200	-	144,802	58,398
Other	<u>985,000</u>	<u>985,000</u>	<u>-</u>	<u>836,363</u>	<u>148,637</u>
Total expenditures	<u>\$ 5,482,100</u>	<u>\$ 5,368,200</u>	<u>\$ -</u>	<u>\$ 4,739,127</u>	<u>\$ 629,073</u>

Reconciliation of GAAP basis to budget basis:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 5,368,200	\$ 4,739,127
Adjustments:		
None	<u>-</u>	<u>-</u>
Budget basis	<u>\$ 5,368,200</u>	<u>\$ 4,739,127</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 2013 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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 5,024,100	\$ 4,910,200	\$ 4,910,200	\$ -
Total revenues	5,024,100	4,910,200	<u>\$ 4,910,200</u>	<u>\$ -</u>
Prior-year cash balance	-	-		
Total resources	<u>\$ 5,024,100</u>	<u>\$ 4,910,200</u>		

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Personal services	\$ 4,293,900	\$ 4,180,000	\$ 3,757,962	\$ 422,038
Contractual services	203,200	203,200	144,802	58,398
Other	<u>527,000</u>	<u>527,000</u>	<u>505,103</u>	<u>21,897</u>
Total expenditures	<u>\$ 5,024,100</u>	<u>\$ 4,910,200</u>	<u>\$ 4,407,867</u>	<u>\$ 502,333</u>

Reconciliation of GAAP basis to budget basis:	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 4,910,200	\$ 4,407,867
Adjustments:		
None	-	-
Budget basis	<u>\$ 4,910,200</u>	<u>\$ 4,407,867</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 2013 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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 458,000	\$ 458,000	\$ 458,000	\$ -
Total revenues	458,000	458,000	<u>\$ 458,000</u>	<u>\$ -</u>
Prior-year cash balance	<u>-</u>	<u>-</u>		
Total resources	<u>\$ 458,000</u>	<u>\$ 458,000</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	<u>458,000</u>	<u>458,000</u>	<u>331,260</u>	<u>126,740</u>
Total expenditures	<u>\$ 458,000</u>	<u>\$ 458,000</u>	<u>\$ 331,260</u>	<u>\$ 126,740</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 458,000	\$ 331,260	
Adjustments:				
None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 458,000</u>	<u>\$ 331,260</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 2013 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, 2012

(From Statements 8 through 10)

	<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	\$ 3,887,200	\$ 3,853,177	\$ -	\$ 3,853,177	\$ -
Other revenues	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>1,543</u>	<u>1,543</u>
Total revenues	8,387,200	8,353,177	<u>\$ 4,500,000</u>	<u>\$ 3,854,720</u>	<u>\$ 1,543</u>
Prior-year cash balance	<u>30,000</u>	<u>30,000</u>			
Total resources	<u>\$ 8,417,200</u>	<u>\$ 8,383,177</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	\$ 2,744,700	\$ 2,610,677	\$ -	\$ 2,484,915	\$ 125,762
Contractual services	1,355,500	1,355,500	180,355	85,964	1,089,181
Other	4,317,000	3,417,000	-	1,160,906	2,256,094
Other financing uses	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 8,417,200</u>	<u>\$ 8,383,177</u>	<u>\$ 1,180,355</u>	<u>\$ 3,731,785</u>	<u>\$ 3,471,037</u>

Reconciliation of GAAP basis to budget basis:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 3,854,720	\$ 3,731,785
Adjustments:		
None	<u>-</u>	<u>-</u>
Budget basis	<u>\$ 3,854,720</u>	<u>\$ 3,731,785</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 2013 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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 3,887,200	\$ 3,853,177	\$ 3,853,177	\$ -
Other revenue	<u>-</u>	<u>-</u>	<u>1,543</u>	<u>1,543</u>
Total revenues	3,887,200	3,853,177	<u>\$ 3,854,720</u>	<u>\$ 1,543</u>
Prior-year cash balance	<u>-</u>	<u>-</u>		
Total resources	<u>\$ 3,887,200</u>	<u>\$ 3,853,177</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Personal services	\$ 2,744,700	\$ 2,610,677	\$ 2,484,915	\$ 125,762
Contractual services	97,300	97,300	85,964	11,336
Other	<u>1,045,200</u>	<u>1,145,200</u>	<u>1,131,278</u>	<u>13,922</u>
Total expenditures	<u>\$ 3,887,200</u>	<u>\$ 3,853,177</u>	<u>\$ 3,702,157</u>	<u>\$ 151,020</u>
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 3,854,720	\$ 3,702,157	
Adjustments:				
None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 3,854,720</u>	<u>\$ 3,702,157</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 2013 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, 2012

	<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	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	4,500,000	4,500,000	4,500,000	-	-
Total revenues	4,500,000	4,500,000	\$ 4,500,000	\$ -	\$ -
Prior-year cash balance	-	-			
Total resources	\$ 4,500,000	\$ 4,500,000			

	<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	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	1,258,200	1,258,200	180,355	-	1,077,845
Other	3,241,800	2,241,800	-	-	2,241,800
Other financing uses	-	1,000,000	1,000,000	-	-
Total expenditures	\$ 4,500,000	\$ 4,500,000	\$ 1,180,355	\$ -	\$ 3,319,645

Reconciliation of GAAP basis to budget basis:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ -	\$ -
Adjustments:		
None	-	-
Budget basis	\$ -	\$ -

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 2013 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. Z10504)
Multi-Year Appropriation - Weatherization at State Capitol (Lapses 6/30/2012)
For the Year Ended June 30, 2012

	<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	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	-	-	29,628	-	29,628
Total revenues	-	-	<u>\$ 29,628</u>	<u>\$ -</u>	<u>\$ 29,628</u>
Prior-year cash balance	<u>30,000</u>	<u>30,000</u>			
Total resources	<u>\$ 30,000</u>	<u>\$ 30,000</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	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-	-
Other	30,000	30,000	-	29,628	372
Other financing uses	-	-	-	-	-
Total expenditures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 29,628</u>	<u>\$ 372</u>

Reconciliation of GAAP basis to budget basis:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ -	\$ 29,628
Adjustments:		
None	-	-
Budget basis	<u>\$ -</u>	<u>\$ 29,628</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 2013 budget.

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

OTHER REPORTS

ROBERT J. RIVERA, CPA, PC

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

(505) 983-6002

FAX (505) 983-6474

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

Senator Timothy Z. Jennings, President Pro-Tem of the Senate
and
Representative Ben Lujan, Speaker of the House of Representatives
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 aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the State of New Mexico, Legislative Council Service, a component unit of the State of New Mexico, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 19, 2012. 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

Management of the State of New Mexico, Legislative Council Service is responsible for establishing and maintaining effective 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 *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 financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of New Mexico, 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 entity, the Office of 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 19, 2012

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Schedule of Findings and Responses
June 30, 2012**

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
Financial Statement Preparation and Exit Conference
June 30, 2012**

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 December 12, 2012, 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
Luciano "Lucky" Varela, Vice-Chairman, Legislative Finance Committee
Raul Burciaga, Director, Legislative Council Service
Kathy Pacheco-Dofflemeyer, Assistant Director for Administration
Dwight Capshaw, Building Services

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

Robert J. Rivera, CPA
William J. Valdes