

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE**

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

(With Independent Auditor's Report Thereon)

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

INTRODUCTORY SECTION

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LEGISLATIVE COUNCIL SERVICE
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**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Official Roster
June 30, 2013**

Legislative Council Members

<u>Title</u>	<u>Name</u>	<u>Role</u>
Senator	Mary Kay Papen	Co-Chair
Representative	W. Ken Martinez	Co-Chair
Representative	Donald E. Bratton	Member
Senator	Carlos R. Cisneros	Member
Representative	Anna M. Crook	Member
Representative	Nate Gentry	Member
Senator	Stuart Ingle	Member
Senator	Timothy M. Keller	Member
Representative	Antonio "Moe" Maestas	Member
Representative	Rick Miera	Member
Senator	William H. Payne	Member
Senator	Clemente Sanchez	Member
Senator	Michael S. Sanchez	Member
Senator	William E. Sharer	Member
Representative	Sheryl Williams Stapleton	Member
Representative	Thomas C. Taylor	Member

Administrative Officials

Raul Burciaga	Director
Kathy Pacheco-Dofflemeyer	Asst. Director for Administration
John Yaeger	Asst. Director for Legislative Affairs
Amy Chavez-Romero	Asst. Director for Drafting Services

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Senator Mary Kay Papen, President Pro-Tem of the Senate
and
Representative W. Ken Martinez, 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

Report on the Financial Statements

We have audited the accompanying 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 fund of the State of New Mexico, Legislative Council Service (Council), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the State of New Mexico, Legislative Council Service's basic financial statements as listed in the table of contents. We also have audited the financial statements of the State of New Mexico, Legislative Council Service's general fund, and the budgetary comparisons for the general fund presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.



Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico, Legislative Council Service, as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major governmental fund (General Fund [Legislative Council Service and Legislative Building Service SHARE general fund accounts]) of the State of New Mexico, Legislative Council Service as of June 30, 2013, and the respective changes in financial position and, the respective budgetary comparisons for the major fund (General Fund [Legislative Council Service and Legislative Building Service SHARE general fund accounts]) for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages ix through xvi be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated November 7, 2013, on our consideration of the State of New Mexico, 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** in considering the State of New Mexico, Legislative Council Service's internal control over financial reporting and compliance.



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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2013**

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, 2013. It should be read in conjunction with the financial statements, which follow this discussion and analysis. This document will assist the reader in the following:

- Highlight significant financial issues;
- Provide an overview of the 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 Position 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 position, using the accrual basis of accounting in the Statement of Net Position (Exhibit A).

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LEGISLATIVE COUNCIL SERVICE
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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 position changed during the most recent fiscal year. Changes in net position 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 Position 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.

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LEGISLATIVE COUNCIL SERVICE
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Fund Financial Statements (Cont'd)

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 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 21 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 9. 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

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

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 position decreased by \$1,399,301 from a year ago, decreasing from \$47,720,833 to \$46,321,532. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Council Service governmental activities.

Table 1

Condensed Net Position - Governmental Activities

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Change</u>
Assets			
Current	\$ 5,740,883	\$ 5,711,897	\$ 28,986
Capital assets (net of depreciation)	<u>42,429,447</u>	<u>43,891,334</u>	<u>(1,461,887)</u>
Total assets	<u>\$ 48,170,330</u>	<u>\$ 49,603,231</u>	<u>\$ (1,432,901)</u>
Liabilities			
Current	\$ 1,408,422	\$ 1,449,655	\$ (41,233)
Long-term	<u>440,376</u>	<u>432,743</u>	<u>7,633</u>
Total liabilities	<u>1,848,798</u>	<u>1,882,398</u>	<u>(33,600)</u>
Net Position			
Invested in capital assets	42,429,447	43,891,334	(1,461,887)
Restricted for subsequent years' expenditure	4,589,852	4,581,422	8,430
Unrestricted	<u>(697,767)</u>	<u>(751,923)</u>	<u>54,156</u>
Total net position	<u>46,321,532</u>	<u>47,720,833</u>	<u>(1,399,301)</u>
Total liabilities and net position	<u>\$ 48,170,330</u>	<u>\$ 49,603,231</u>	<u>\$ (1,432,901)</u>

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

Current assets increased by \$28,986, or 0.51% from a year ago. Current assets consist mostly of cash (\$5,740,833). Current liabilities decreased by \$41,233, or 2.84% from a year ago. This is mainly attributable to compensated absences.

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

Liabilities of \$1,848,798 constitute 3.84% of total assets and consist primarily of account payable (\$114,473) 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 (\$58,724); payroll taxes payable (\$25,869); payroll benefits payable (\$40,927); due to the State General Fund (\$910,888); and, compensated absences payable (\$697,917).

Table 2

Condensed Changes in Net Position - Governmental Activities

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

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Change</u>
Revenues and Transfers:			
General revenues:			
Miscellaneous revenue	\$ -	\$ 1,543	\$ (1,543)
Transfers:			
State General Fund appropriations (net of reversions)	8,454,112	8,439,741	14,371
Operating transfers in	8,514	130,302	(121,788)
Donated capital assets	117,854	209,631	(91,777)
Total revenues	<u>8,580,480</u>	<u>8,781,217</u>	<u>(200,737)</u>
Program expenses:			
Legislative	8,313,676	8,353,910	(40,234)
Depreciation expense	1,792,878	1,706,002	86,876
Total expenses	<u>10,106,554</u>	<u>10,059,912</u>	<u>46,642</u>
Change in net position	<u>(1,526,074)</u>	<u>(1,278,695)</u>	<u>(247,379)</u>
Net position, beginning (as reported)	47,720,833	48,999,528	(1,278,695)
Restatements:			
Prior-period adjustments	126,773	-	126,773
Net position, beginning (as restated)	<u>47,847,606</u>	<u>48,999,528</u>	<u>1,151,922</u>
Net position, ending	<u>\$ 46,321,532</u>	<u>\$ 47,720,833</u>	<u>\$ (1,399,301)</u>

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
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THE LEGISLATIVE COUNCIL SERVICE AS A WHOLE (Cont'd)

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

The Council Service reports balances in the following three categories of net position; (1) investment in capital assets; and (2) restricted, and (3) unrestricted. The investment in capital assets balance is positive and the unrestricted balance is in a deficit. The Council Service has restricted net position of \$4,589,852 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 position of \$1,399,301 was the result of the \$1,461,887 of a decrease in net capital assets, an increase of \$8,430 in funds restricted for subsequent years' expenditures, and a decrease of \$54,156 in compensated absences payable.

The Council Service governmental activities general revenue decreased by \$200,737, from a year ago. The change was not significant.

The cost of governmental activities was \$10,106,554 compared to \$10,059,912 last year, or an increase of \$46,642 (0.46%).

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 \$4,590,002, which is above last year's combined fund balance of \$4,581,572, an increase of \$8,430 (0.18%). The fund balance of the Council Services' general fund decreased insignificantly by \$84. The fund balance of the Capitol Buildings Repair Special Revenue Fund increased insignificantly by \$8,514. The combined fund balance of \$4,590,002 remaining at year end includes \$4,589,852 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 no change from the total of the original approved budget of \$13,865,000 to the final revised budget of \$13,865,000.

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

**STATE OF NEW MEXICO
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	<u>Original Budget</u>	<u>BAR Adjustments</u>	<u>Final Budget</u>	<u>Actual Amount</u>
Personal services/employee benefits	\$ 6,979,400	\$ (70,000)	\$ 6,909,400	\$ 6,282,800
Contractual services	1,533,700	82,000	1,615,700	271,389
Other	5,351,900	(1,012,000)	4,339,900	1,899,923
Other financing uses	-	1,000,000	1,000,000	-
Total	\$ <u>13,865,000</u>	\$ <u>-</u>	\$ <u>13,865,000</u>	\$ <u>8,454,112</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 state general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the Council Service had \$75,306,823 of capital assets, accumulated depreciation of (\$32,877,376), resulting in net capital assets of \$42,429,447. The majority of the Council Service's capital assets are invested in land (\$1,277,372), and buildings and building improvements of \$72,467,183.

There were current year additions of capital assets totaling \$204,218 and a net prior-period adjustment to the June 30, 2012 capital assets balance of \$126,773.

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

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<u>Non-Depreciable</u>		
Land	\$ 1,277,372	\$ 1,277,372
Artwork and books	174,775	174,775
Total non-depreciable capital assets	<u>1,452,147</u>	<u>1,452,147</u>
<u>Depreciable</u>		
Furniture and equipment	476,861	379,021
Buildings	14,398,330	14,788,907
Building improvements	<u>26,102,109</u>	<u>27,271,259</u>
Total depreciable capital assets	<u>40,977,300</u>	<u>42,439,187</u>
Total governmental activities capital assets, net	<u>\$ 42,429,447</u>	<u>\$ 43,891,334</u>

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Debt - Compensated Absences Payable

At the end of the current fiscal year, the Council Service had total debt outstanding of \$697,917, 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 2014 from the General Fund in Laws 2013, Chapter 1, Sections 3 (A) through 8 and for Building Services, Laws 2013, Chapter 227, Section 4.A.(1) were increased due to an increase in insurance rate premiums and an average one percent salary increase for legislative employees in Laws 2013, Chapter 227, Sec. 8 (1). This increase was made by increasing budgets in the personal services and employee benefits category.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, customers, legislators and creditors with a general overview of the 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 Position
June 30, 2013**

		<u>Governmental Activities</u>
Assets:		
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$	5,740,733
Petty cash		150
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>40,977,300</u>
		<u>42,429,447</u>
Total assets	\$	<u><u>48,170,330</u></u>
Liabilities:		
Accounts payable	\$	114,473
Accrued salaries payable		58,724
Payroll taxes payable		25,869
Payroll benefits payable		40,927
Due to State General Fund (note 5)		910,888
Compensated absences: (note 4)		
Due within one year	\$	257,541
Due after one year		<u>440,376</u>
		<u>697,917</u>
Total liabilities		<u>1,848,798</u>
Net Position:		
Net investment in capital assets		42,429,447
Restricted for General Fund		3,319,561
Restricted for Special Revenue Funds		1,270,291
Unrestricted		<u>(697,767)</u>
Total net position		<u>46,321,532</u>
Total liabilities and net position	\$	<u><u>48,170,330</u></u>

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Activities
For the Year Ended June 30, 2013**

	Governmental Activities
Expenses:	
Legislative program	\$ 8,313,676
Depreciation	1,792,878
	10,106,554
Total expenses	10,106,554
Net (program expense) revenue	(10,106,554)
General revenues and transfers:	
Transfers:	
State General Fund appropriations	9,365,000
Donated capital assets	117,854
Operating transfers in (note 6)	8,514
Reversions - Fiscal Year 2013 (note 5)	(910,888)
	8,580,480
Total transfers	8,580,480
Total general revenues and transfers, net	8,580,480
Change in net position	(1,526,074)
Net Position:	
Net position, beginning (as reported)	47,720,833
Restatements:	
Prior-period adjustment-equipment transfers (note 13)	417,321
Prior-period adjustment-accumulated depreciation (note 13)	(290,548)
	47,847,606
Net position, beginning (as restated)	47,847,606
Net position, ending	\$ 46,321,532

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Balance Sheet
Governmental Funds
June 30, 2013**

	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)	\$ 4,470,442	\$ 1,270,291	\$ 5,740,733
Petty cash	150	-	150
Total assets	\$ 4,470,592	\$ 1,270,291	\$ 5,740,883
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 114,473	\$ -	\$ 114,473
Accrued salaries payable	58,724	-	58,724
Payroll taxes payable	25,869	-	25,869
Payroll benefits payable	40,927	-	40,927
Due to State General Fund (note 5)	910,888	-	910,888
Total liabilities	1,150,881	-	1,150,881
Fund Balances:			
Fund balances:			
Committed:			
Petty Cash	150	-	150
Restricted:			
Subsequent years' expenditures (note 11)	3,319,561	1,270,291	4,589,852
Total fund balances	3,319,711	1,270,291	4,590,002
Total liabilities and fund balances	\$ 4,470,592	\$ 1,270,291	\$ 5,740,883
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:			
Fund Balances - Governmental Funds (Exhibit C)			\$ 4,590,002
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation			42,429,447
Compensated absences accrued in the government- wide financial statements, but not due and payable at fiscal year end			(697,917)
Net Position of Governmental Activities			\$ 46,321,532

The accompanying notes are an integral part of these 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, 2013**

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund - All Accounts</u>	<u>Fund 07500 Capitol Buildings Repair Special Revenue Fund</u>	
Expenditures:			
Legislative:			
Current:			
Personal services and employee benefits \$	6,282,800	\$ -	\$ 6,282,800
Contractual services	271,389	-	271,389
Other costs	1,764,780	-	1,764,780
Capital Outlay	135,227	-	135,226
	<u>8,454,196</u>	<u>-</u>	<u>8,454,196</u>
Total expenditures			
	<u>8,454,196</u>	<u>-</u>	<u>8,454,196</u>
Other Financing Sources (uses):			
Miscellaneous revenue	-	8,514	8,514
Transfers:			
State General Fund appropriations	9,365,000	-	9,365,000
Reversions - Fiscal Year 2013 (note 5)	(910,888)	-	(910,888)
	<u>8,454,112</u>	<u>8,514</u>	<u>8,462,626</u>
Total other financing sources (uses)			
	<u>8,454,112</u>	<u>8,514</u>	<u>8,462,626</u>
Net change in fund balances	(84)	8,514	8,430
Fund Balances:			
Fund balance, beginning	<u>3,319,795</u>	<u>1,261,777</u>	<u>4,581,572</u>
Fund balance, ending	<u>\$ 3,319,711</u>	<u>\$ 1,270,291</u>	<u>\$ 4,590,002</u>

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

Net Change in Fund Balances - Total Governmental Funds (Exhibit D)	\$ 8,430
Capital outlay reported as expenditures in governmental funds	86,364
Donated capital assets	117,854
Depreciation expense - FY 2013	(1,792,878)
Net change in compensated absences not requiring the use of current financial resources - not reported as expenditures in governmental funds.	<u>54,156</u>
Change in Net Position - Governmental Activities (Exhibit B)	<u>\$ (1,526,074)</u>

The accompanying notes are an integral part of these 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, 2013

	<u>Budgeted Amounts</u>		Prior Years' Activity	Actual Budget Basis	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>			
Revenues:					
State General Fund	\$ 9,365,000	\$ 9,365,000	\$ -	\$ 9,365,000	\$ -
Other revenues	4,500,000	4,500,000	4,500,000	-	-
	<u>13,865,000</u>	<u>13,865,000</u>	<u>\$ 4,500,000</u>	<u>\$ 9,365,000</u>	<u>\$ -</u>
Total revenues					
Prior-year cash balance	-	-			
Total resources	<u>\$ 13,865,000</u>	<u>\$ 13,865,000</u>			
Expenditures:					
Personal services and employee benefits	\$ 6,979,400	\$ 6,909,400	\$ -	\$ 6,282,800	\$ 626,600
Contractual services	1,553,700	1,615,700	180,355	271,389	1,163,956
Other	5,351,900	4,339,900	-	1,899,923	2,439,977
Other financing uses	-	1,000,000	1,000,000	-	-
	<u>13,865,000</u>	<u>\$ 13,865,000</u>	<u>\$ 1,180,355</u>	<u>\$ 8,454,112</u>	<u>\$ 4,230,533</u>
Total expenditures					

Reconciliation of GAAP basis to budget basis:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 9,365,000	\$ 8,454,196
Adjustments:		
FY 13 expenditures to be paid out of FY 2014 budget	-	(84)
Budget basis	<u>\$ 9,365,000</u>	<u>\$ 8,454,112</u>

Note:

The actual expenditures on the budget basis for FY 2013 do not include \$84 of accounts payable that required a request to pay prior-year bills out of the FY 2014 budget.

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

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual Budget Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other revenues	\$ -	-	\$ 8,514	\$ 8,514
Other financing sources	-	-	-	-
Total revenues	\$ -	-	\$ 8,514	\$ 8,514
Expenditures:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
Total expenditures	\$ -	-	\$ -	\$ -
Reconciliation of GAAP basis to budget basis:				
		Revenues	Expenditures	
GAAP basis	\$	8,514	\$ -	
Adjustments:				
None		-	-	
Budget basis	\$	8,514	\$ -	

Note:

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

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

1. Summary of Organization and Significant Accounting Policies

The financial statements of the State of New Mexico, 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, 2013, represent fiscal year 2013 of the Council Service. 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 Position, the governmental column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council Service net position are reported in three parts - invested in capital assets; restricted for capital projects; and unrestricted net position. 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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013

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

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

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

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the 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.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

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

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The governmental funds of the Legislative Council Service follow FASB statements and interpretations and GASB statements issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Both GASB and FASB pronouncements are applied to the government-wide financial statements.

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 Position/Fund Equity/Fund Balances

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

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.

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013

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

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

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

The spendable fund categories can be depicted as follows:

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

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

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

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

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, 5-12 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.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

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

G. Capital Assets (Cont'd)

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

H. Compensated Absences

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

I. Budgetary Procedures and Accounting

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

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

The basis of accounting for the budget, as appropriated by the State Legislature and approved by the State Budget Division, differs from the basis of accounting required by GAAP. The budget for the Council's various funds is adopted on a modified accrual basis of accounting. However, there is statutory exception. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable require approval to pay prior year bills out of the FY 2014 budget. At June 30, 2013, there was one \$84 request.

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

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 \$5,740,733 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, 2013 State Treasurer's investment pool audited financial statements were not available as of November 7, 2013. Based on the State Treasurer's unaudited information, the management of the Council Service has presented pooled cash and investments at a value which approximates fair value as required by GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

<u>Account Name</u>	<u>SHARE Fund #</u>	<u>Balance per Depository</u>	<u>Reconciling Items</u>	<u>Balance per Books</u>
<u>General Fund:</u>				
Council Service Fund Account	12900	\$ 799,092	\$ -	\$ 799,092
Building Service Fund Account	13200	3,671,350	-	3,671,350
<u>Special Revenue Fund:</u>				
Capital Buildings Repair Fund	07500	1,270,291	-	1,270,291
		<u>\$ 5,740,733</u>	<u>\$ -</u>	<u>\$ 5,740,733</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, 2013.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

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

State General Fund Investment Pool

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

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

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

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

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

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

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

The 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, 2013.

3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2013:

	Balance 06/30/2012	Adjustments	Adjusted Balance 06/30/2012	Additions	(Deletions)	Balance 6/30/2013
Governmental activities:						
Nondepreciable assets:						
Land	\$ 1,277,372	\$ -	\$ 1,277,372	-	-	\$ 1,277,372
Artwork and books	174,775	-	174,775	-	-	174,775
Total	<u>1,452,147</u>	<u>-</u>	<u>1,452,147</u>	<u>-</u>	<u>-</u>	<u>1,452,147</u>
Depreciable assets:						
Furniture & equipment	837,855	417,321	1,255,176	132,317	-	1,387,493
Buildings	22,779,208	-	22,779,208	-	-	22,779,208
Building improvements	49,616,074	-	49,616,074	71,901	-	49,687,975
Total	<u>73,233,137</u>	<u>417,321</u>	<u>73,650,458</u>	<u>204,218</u>	<u>-</u>	<u>73,854,676</u>
Total capital assets	<u>74,685,284</u>	<u>417,321</u>	<u>75,102,605</u>	<u>204,218</u>	<u>-</u>	<u>75,306,823</u>
Less accumulated depreciation for:						
Furniture & equipment	(458,834)	(289,999)	(748,833)	(161,799)	-	(910,632)
Buildings	(7,990,301)	(549)	(7,990,850)	(390,028)	-	(8,380,878)
Building improvements	(22,344,815)	0	(22,344,815)	(1,241,051)	-	(23,585,866)
Total accumulated depreciation	<u>(30,793,950)</u>	<u>(290,548)</u>	<u>(31,084,498)</u>	<u>(1,792,878)</u>	<u>-</u>	<u>(32,877,376)</u>
Total governmental activities capital assets net	<u>\$ 43,891,334</u>	<u>\$ 126,773</u>	<u>44,018,107</u>	<u>\$ (1,588,660)</u>	<u>-</u>	<u>(42,429,447)</u>

Depreciation expense for the year of \$1,792,878 was charged to governmental activities.

Legislative

\$1,792,878

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

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

Qualified employees are entitled to accumulate sick leave at the rate of 3.69 hours per pay period. Employees who have accumulated 600 hours of unused sick leave are entitled to be paid for unused sick leave in excess of 600 hours at a rate equal to fifty percent (50%) of their hourly rate of pay for up to 120 hours of sick leave. Payment for unused sick leave may be made only once per fiscal year on either the payday immediately following the first full pay period in January or the first full pay period in July. 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, 2013:

	Balance 06/30/2012	Additions	(Deletions)	Balance 06/30/2013	Amounts Due Within One Year	Long Term
Compensated absences						
Council Service	\$ 505,829	\$ 235,615	\$ (290,790)	\$ 450,654	\$ 175,600	\$ 275,054
Building Services	246,244	132,467	(131,448)	247,263	81,941	165,322
Total	\$ 752,073	\$ 368,082	\$ (422,238)	\$ 697,917	\$ 257,541	\$ 440,376

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

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

	<u>General Fund</u>		<u>Total</u>
	<u>Council Service</u>	<u>Building Services</u>	
Cash balance, June 30, 2013	\$ 799,092.	\$ 3,671,350	\$ 4,470,442
Less:			
Accounts payable at 6/30/13	(33,719)	(80,670)	(114,389)
Payroll benefits payable, 6/30/13	(37,150)	(21,574)	(58,724)
Payroll taxes payable, 6/30/13	(18,142)	(7,727)	(28,869)
Accrued payroll at 6/30/13	(22,900)	(18,027)	(40,927)
Restricted for subsequent expenditure- capitol building renovations-multi-year	-	(3,319,645)	(3,319,645)
Due to State General Fund, June 30, 2013	<u>\$ 687,181</u>	<u>\$ 223,707</u>	<u>\$ 910,888</u>
Reconciliation of Reversions to the amount Due to the State General Fund:			
Total Reversions	\$ 687,181	\$ 223,707	\$ 910,888
Reverted during fiscal year	-	-	-
State dated warrants and other	-	-	-
Due to State General Fund, June 30, 2013	<u>\$ 687,181</u>	<u>\$ 223,707</u>	<u>\$ 910,888</u>

Total reversions for the year for the Council Service Account, Fund 12900 amounted to \$687,181.
Total reversions for the year for the Building Services Account Fund 13200 amounted to \$223,707.
Total reversions for the two General Fund accounts amounted to \$910,888.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

6. Transfers

Inter-agency transfers for the 2013 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	\$ 5,483,400	34101/85300	\$ 5,483,400	General Fund appropriation, Laws 2012, Ch. 1, Sec. 3A
34101/85300	629,073	11100/12900	629,073	General Fund reversion 2012 FY.
11100/12900	80	50500/19301	80	To pay FY 07 payroll liabilities.
35000/35903	5,483	11100/12900	5,483	Insurance payments to GSD (Worker's Comp)
35000/35703	52,581	11100/12900	52,851	Insurance payments to GSD (Civil Rights, General Liability)
35000/35804	500	11100/12900	500	Insurance payments to GSD (Crime)
11100/12900	449	13100/13300	449	To correct expenses from interim committees between 11100 and 13100.
11100/12900	3,519	11500/74400	3,519	To correct payroll charged to the wrong business unit.
11100/12900	2,951	13100/13300	2,951	To correct payroll charged to the wrong business unit.
35903/35000	58,565	11100/12900	58,565	FY13 Premiums to GSD.
11100/12900	58,565	35903/35000	58,565	To reverse FY13 Premiums to GSD.
35000/35303	10,831	11100/12900	10,831	Unemployment Insurance payment to GSD
13100/13300	234	11100/12900	234	To reimburse BU13100 for PV#10466 advisory member travel.
34101/85300	591	11100/12900	591	To revert misc. revenues from prior fiscal years received in FY 13.
34101/85300	294	11100/12900	294	To revert misc. revenues from prior fiscal years received in FY 13.
13100/13300	1,654	11100/12900	1,654	To reimburse BU13100 for PV#10847.
13100/13300	263	11100/12900	263	To reimburse BU13100 for PV#10035 advisory member travel.
11900/13200	3,881,600	34101/85300	3,881,600	General Fund appropriation, Laws 2012, Ch 19, Sec. 4A(1).
11900/13200	6,355	34100/01000	6,355	Transfer of FICA overpayment.
34101/85300	20,655	11900/13200	20,655	Media lease deposits FY 13.
11100/07500	8,514	11100/81100	8,514	Per Laws 2004, Ch. 1, Sec. 10.
34101/85300	<u>152,563</u>	11900/13200	<u>152,563</u>	General Fund reversion 2012 FY.
	<u>\$10,378,719</u>		<u>\$ 10,378,719</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 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.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

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

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, 2013, 2012, and 2011 were \$640,082, \$578,946, and \$658,449, 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, 2013**

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

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

The Legislative Council Service contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011, were \$84,889, \$79,194, and \$72,242, respectively, which equal the required contributions for each year.

9. 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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

9. Commitments and Contingencies (Cont'd)

lease commitments exist which require disclosure. Total lease expenditures for rent of equipment for the year ended June 30, 2013, amounted to \$95,790.

10. 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.

11. 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	06/30/2014	Capitol Building Renovations appropriations Laws 2007, Ch. 192, Sec. 1 (Extended by Laws 2012, Ch. 63, Sec. 102)

12. Net Position 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 (\$697,767). This deficit is created by compensated absence liabilities which will be paid from subsequent years State General Fund Appropriations.

13. Restatement to June 30, 2012 Net Position/Fund Balance

A. Adjustment to 6/30/2012 balance depreciable assets (net position)	417,321
B. Adjustment to 6/30/2012 balance of accumulated depreciation (net position)	<u>290,548</u>
Total	<u><u>126,773</u></u>

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2013**

14. Accounting Standards Pronouncements Adopted

During the fiscal year 2013 the Legislative Council Service adopted the following GASB statement:

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

15. Subsequent Events Review

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

16. Subsequent Accounting Standard Pronouncements

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

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, 2013**

	<u>General Fund</u>		<u>Total General Fund</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)	\$ 799,092	\$ 3,671,350	\$ 4,470,442
Petty cash	100	50	150
 Total assets	 <u>\$ 799,192</u>	 <u>\$ 3,671,400</u>	 <u>\$ 4,470,592</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 33,790	\$ 80,683	\$ 114,473
Accrued salaries payable	37,150	21,574	58,724
Payroll taxes payable	18,142	7,727	25,869
Payroll benefits payable	22,900	18,027	40,927
Due to State General Fund (note 5)	687,181	223,707	910,888
 Total liabilities	 <u>799,163</u>	 <u>351,718</u>	 <u>1,150,881</u>
Fund Balance:			
Committed:			
Petty cash	100	50	150
Restricted:			
Subsequent years' expenditures	(71)	3,319,632	3,319,561
 Total fund balance	 <u>29</u>	 <u>3,319,682</u>	 <u>3,319,711</u>
 Total liabilities and fund balances	 <u>\$ 799,192</u>	 <u>\$ 3,671,400</u>	 <u>\$ 4,470,592</u>

The accompanying notes are an integral part of these 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, 2013**

	<u>General Fund</u>		<u>Total General Fund</u>
	<u>Fund 12900 Council Service Account</u>	<u>Fund 13200 Building Services Account</u>	
Expenditures:			
Legislative:			
Current:			
Personal services and employee benefits	\$ 3,869,507	\$ 2,413,293	\$ 6,282,800
Contractual services	178,796	92,593	271,389
Other	699,124	1,065,656	1,764,780
Capital outlay	<u>48,863</u>	<u>86,364</u>	<u>135,227</u>
Total expenditures	<u>4,796,290</u>	<u>3,657,906</u>	<u>8,454,196</u>
Other financing sources (uses):			
Misc. Revenue	-	-	-
Transfers:			
State General Fund appropriations	5,483,400	3,881,600	9,365,000
Reversions - Fiscal Year 2013 (note 5)	<u>(687,181)</u>	<u>(223,707)</u>	<u>(910,888)</u>
Total other financing sources (uses)	<u>4,796,219</u>	<u>3,657,893</u>	<u>8,454,112</u>
Net change in fund balance	(71)	(13)	(84)
Fund Balances:			
Fund balance, beginning of year	<u>29</u>	<u>3,319,682</u>	<u>3,319,711</u>
Fund balance, end of year	<u>\$ 29</u>	<u>\$ 3,319,682</u>	<u>\$ 3,319,711</u>

The accompanying notes are an integral part of these 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, 2013**

(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	\$ 9,365,000	\$ 9,365,000	\$ -	\$ 9,365,000	\$ -
Other revenues	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>-</u>	<u>-</u>
Total revenues	13,865,000	13,865,000	<u>\$ 4,500,000</u>	<u>\$ 9,365,000</u>	<u>\$ -</u>
Prior-year cash balance	<u>-</u>	<u>-</u>			
Total resources	<u>\$ 13,865,000</u>	<u>\$ 13,865,000</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	\$ 6,979,400	\$ 6,909,400	\$ -	\$ 6,282,800	\$ 626,600
Contractual services	1,533,700	1,615,700	180,355	271,389	1,163,956
Other	5,351,900	4,339,900	-	1,899,923	2,439,977
Other financing uses	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 13,865,000</u>	<u>\$ 13,865,000</u>	<u>\$ 1,180,355</u>	<u>\$ 8,454,112</u>	<u>\$ 4,230,533</u>

Reconciliation of GAAP basis to budget basis:	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 9,365,000	\$ 8,454,196
Adjustments:		
FY 2013 expenditures to be paid out of FY 2014 budget	<u>-</u>	<u>(84)</u>
Budget basis	<u>\$ 9,365,000</u>	<u>\$ 8,454,112</u>

Note:

The actual expenditures on the budget basis for FY 2013 do not include \$84 of accounts payable that required a request to pay prior-year bills out of the FY 2014 budget.

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

STATE OF NEW MEXICO
 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, 2013

(From Statements 5 through 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	\$ 5,483,400	\$ 5,483,400	\$ -	\$ 5,483,400	\$ -
Total revenues	5,483,400	5,483,400	\$ -	\$ 5,483,400	\$ -
Prior-year cash balance	-	-			
Total resources	<u>\$ 5,483,400</u>	<u>\$ 5,483,400</u>			

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Personal services	\$ 4,320,200	\$ 4,320,200	\$ -	\$ 3,869,507	\$ 450,693
Contractual services	178,200	260,200	-	178,796	81,404
Other	985,000	903,000	-	747,916	155,084
Total expenditures	<u>\$ 5,483,400</u>	<u>\$ 5,483,400</u>	<u>\$ -</u>	<u>\$ 4,796,219</u>	<u>\$ 687,181</u>

Reconciliation of GAAP basis to budget basis:		<u>Revenues</u>	<u>Expenditures</u>
GAAP basis		\$ 5,483,400	\$ 4,796,290
Adjustments:			
FY 2013 expenditures to be paid out of FY 2014 budget		-	(71)
Budget basis		<u>\$ 5,483,400</u>	<u>\$ 4,796,219</u>

Note:

The actual expenditures on the budget basis for FY 2013 do not include \$71 of accounts payable that required a request to pay prior-year bills out of the FY 2014 budget.

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

STATE OF NEW MEXICO
 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 5,025,400	\$ 5,025,400	\$ 5,025,400	\$ -
Total revenues	5,025,400	5,025,400	<u>\$ 5,025,400</u>	<u>\$ -</u>
Prior-year cash balance	-	-		
Total resources	<u>\$ 5,025,400</u>	<u>\$ 5,025,400</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Personal services	\$ 4,320,200	\$ 4,320,200	\$ 3,869,507	\$ 450,693
Contractual services	178,200	260,200	178,796	81,404
Other	527,000	445,000	422,462	22,538
Total expenditures	<u>\$ 5,025,400</u>	<u>\$ 5,025,400</u>	<u>\$ 4,470,765</u>	<u>\$ 554,635</u>
Reconciliation of GAAP basis to budget basis:			<u>Revenues</u>	<u>Expenditures</u>
GAAP basis		\$ 5,025,400	\$ 4,470,836	
Adjustments:				
FY 13 expenditures to be paid out of FY 2014 budget		-	(71)	
Budget basis		<u>\$ 5,025,400</u>	<u>\$ 4,470,765</u>	

Note:

The actual expenditures on the budget basis for FY 2013 do not include \$71 of accounts payable that required a request to pay prior-year bills out of the FY 2014 budget.

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

STATE OF NEW MEXICO
 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, 2013

	<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>325,454</u>	<u>132,546</u>
Total expenditures	<u>\$ 458,000</u>	<u>\$ 458,000</u>	<u>\$ 325,454</u>	<u>\$ 132,546</u>
Reconciliation of GAAP basis to budget basis:		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 458,000	\$ 325,454	
Adjustments:				
None		<u>-</u>	<u>-</u>	
Budget basis		<u>\$ 458,000</u>	<u>\$ 325,454</u>	

Note:

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

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

STATE OF NEW MEXICO
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, 2013

(From Statements 8 through 9)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State General Fund	\$ 3,881,600	\$ 3,881,600	\$ -	\$ 3,881,600	\$ -
Other revenues	4,500,000	4,500,000	4,500,000	-	-
Total revenues	8,381,600	8,381,600	<u>\$ 4,500,000</u>	<u>\$ 3,881,600</u>	<u>\$ -</u>
Prior-year cash balance	-	-			
Total resources	<u>\$ 8,381,600</u>	<u>\$ 8,381,600</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	\$ 2,659,200	\$ 2,589,200	\$ -	\$ 2,413,293	\$ 175,907
Contractual services	1,355,500	1,355,500	180,355	92,593	1,082,552
Other	4,366,900	3,436,900	-	1,152,007	2,284,893
Other financing uses	-	1,000,000	1,000,000	-	-
Total expenditures	<u>\$ 8,381,600</u>	<u>\$ 8,381,600</u>	<u>\$ 1,180,355</u>	<u>\$ 3,657,893</u>	<u>\$ 3,543,352</u>
Reconciliation of GAAP basis to budget basis:			<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis			\$ 3,881,600	\$ 3,657,906	
Adjustments:					
FY 2013 expenditures to be paid out of FY 2014 budget			-	(13)	
Budget basis			<u>\$ 3,881,600</u>	<u>\$ 3,657,893</u>	

Note:

The actual expenditures on the budget basis for FY 2013 do not include \$13 of accounts payable that required a request to pay prior-year bills out of these FY 2014 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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 3,881,600	\$ 3,881,600	\$ 3,881,600	\$ -
Other revenues	-	-	-	-
	<u>3,881,600</u>	<u>3,881,600</u>	<u>\$ 3,881,600</u>	<u>\$ -</u>
Total revenues	3,881,600	3,881,600	\$ 3,881,600	\$ -
Prior-year cash balance	-	-		
Total resources	<u>\$ 3,881,600</u>	<u>\$ 3,881,600</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Personal services	\$ 2,659,200	\$ 2,589,200	\$ 2,413,293	\$ 175,907
Contractual services	97,300	97,300	92,593	4,707
Other	1,125,100	1,195,100	1,152,007	43,093
	<u>3,881,600</u>	<u>3,881,600</u>	<u>\$ 3,657,893</u>	<u>\$ 223,707</u>
Total expenditures	\$ 3,881,600	\$ 3,881,600	\$ 3,657,893	\$ 223,707
Reconciliation of GAAP basis to budget basis:				
		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 3,881,600	\$ 3,657,906	
Adjustments:				
FY 2013 expenditures to be paid out of FY 2014 budget		-	(13)	
Budget basis		<u>\$ 3,881,600</u>	<u>\$ 3,657,893</u>	

Note:

The actual expenditures on the budget basis for FY 2013 do not include \$13 of accounts payable that required a request to pay prior-year bills out of the FY 2014 budget.

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

STATE OF NEW MEXICO
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 6/30/2014)
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Prior Years' Activity	Actual (Budget Basis)	Variance Favorable (Unfavorable)
Revenues:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	4,500,000	4,500,000	4,500,000	-	-
Total revenues	4,500,000	4,500,000	\$ 4,500,000	\$ -	\$ -
Prior-year cash balance	-	-			
Total resources	\$ 4,500,000	\$ 4,500,000			
	Original Budget	Final Budget	Prior Years' Activity	Actual (Budget Basis)	Variance Favorable (Unfavorable)
Expenditures:					
Personal services	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	1,258,200	1,258,200	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:			Revenues	Expenditures	
GAAP basis			\$ -	\$ -	
Adjustments:					
None			-	-	
Budget basis			<u>\$ -</u>	<u>\$ -</u>	

Note:

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

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

OTHER REPORTS

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

Senator Mary Kay Papen, President Pro-Tem of the Senate
and
Representative W. Ken Martinez, 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico, Legislative Council Service, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the State of New Mexico, Legislative Council Service's basic financial statements, and the combining and individual funds and related budgetary comparisons of the State of New Mexico, Legislative Council Service presented as supplemental information, and have issued our report thereon dated November 7, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of New Mexico, Legislative Council Service's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of New Mexico, Legislative Council Service's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of New Mexico, Legislative Council Service's internal control.



A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with **Government Auditing Standards** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Schedule of Findings and Responses
June 30, 2013**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

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

None

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Financial Statement Preparation and Exit Conference
June 30, 2013**

Financial Statement Preparation

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

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

Exit Conference

An exit conference was held on November 12, 2013, to discuss the audit. The following individuals were in attendance:

State of New Mexico - Legislative Council Service

Senator Mary Kay Papen, President Pro-Tempore of the Senate, Legislative Council Co-Chairman
Representative W. Ken Martinez, Speaker of the House of Representatives,
Legislative Council Co-Chairman
Raul Burciaga, Director, Legislative Council Service
Kathy Pacheco-Dofflemeyer, Assistant Director for Administration
Anesa Serna, Legislative Council Service - Accounting

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

Robert J. Rivera, CPA
William J. Valdes