

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE**

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

(With Independent Auditor's Report Thereon)

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

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
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**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Official Roster
June 30, 2015**

Legislative Council Members

<u>Title</u>	<u>Name</u>	<u>Role</u>
Senator	Mary Kay Papen	Co-Chair
Representative	Don L. Tripp	Co-Chair
Representative	Alonzo Baldonado	Member
Senator	Carlos R. Cisneros	Member
Representative	Brian Egolf	Member
Representative	Kelly K. Fajardo	Member
Representative	Doreen Y. Gallegos	Member
Representative	Nate Gentry	Member
Senator	Stuart Ingle	Member
Representative	W. Ken Martinez	Member
Senator	William H. Payne	Member
Senator	Clemente Sanchez	Member
Senator	Michael S. Sanchez	Member
Senator	William E. Sharer	Member
Senator	John Arthur Smith	Member
Representative	Sheryl Williams Stapleton	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

Robert J. Rivera, CPA, PC

Certified Public Accountants

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Santa Fe, New Mexico 87505-4761

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INDEPENDENT AUDITOR'S REPORT

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

Representative Don L. Tripp, Speaker of the House
of Representatives

State of New Mexico -

Legislative Council Service

Santa Fe, New Mexico

and

Mr. Tim Keller

New Mexico State Auditor

Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, 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, 2015, 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, 2015, 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 Council'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, 2015, and the respective changes in financial position thereof, and the respective budgetary comparison 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 governmental fund (General Fund [Legislative Council Service and the Legislative Building Service SHARE general fund accounts]) of the State of New Mexico, Legislative Council Service as of June 30, 2015, and the respective changes in financial position and, the respective budgetary comparisons for the major fund (General Fund [Legislative Council Service and the 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 Information

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

The other schedule (Schedule of Vendor Information for Purchases Exceeding \$60,000) required by Section 2.2.2 NMAC is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the other schedule (Schedule of Vendor Information for Purchases Exceeding \$60,000) required by Section 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with **Government Auditing Standards**, we have also issued our report dated November 16, 2015, on our consideration of the State of New Mexico, 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 16, 2015

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
June 30, 2015**

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, 2015. It should be read in conjunction with the financial statements, which follow this discussion and analysis. This document will assist the reader in the following:

- Highlight significant financial issues;
- Provide an overview of the 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).

**STATE OF NEW MEXICO
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 the 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 22 of this report.

Budgetary Comparisons

The budget comparison information required by GASBS 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, 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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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 \$1,563,701 from a year ago, decreasing from \$44,999,045 to \$43,435,344. 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 2015</u>	<u>FY 2014</u>	<u>Change</u>
<u>Assets</u>			
Current	\$ 6,221,480	\$ 6,026,777	\$ 194,703
Capital assets (net of depreciation)	<u>39,353,006</u>	<u>40,847,475</u>	<u>(1,494,469)</u>
Total assets	<u>\$ 45,574,486</u>	<u>\$ 46,874,252</u>	<u>\$ (1,299,766)</u>
<u>Liabilities</u>			
Current	\$ 1,599,603	\$ 1,379,989	\$ 219,614
Long-term	<u>539,539</u>	<u>495,218</u>	<u>44,321</u>
Total liabilities	<u>2,139,142</u>	<u>1,875,207</u>	<u>263,935</u>
<u>Net Position</u>			
Invested in capital assets	39,353,006	40,847,475	(1,494,469)
Restricted for subsequent years' expenditure	4,956,037	4,928,569	27,468
Unrestricted	<u>(873,699)</u>	<u>(776,999)</u>	<u>(96,700)</u>
Total net position	<u>43,435,344</u>	<u>44,999,045</u>	<u>(1,563,701)</u>
Total liabilities and net position	<u>\$ 45,574,486</u>	<u>\$ 46,874,252</u>	<u>\$ (1,299,766)</u>

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

Current assets increased by \$194,703, or 3.23% from a year ago. Current assets consist entirely of cash (\$6,221,480). Current liabilities increased by \$219,614, or 15.91% from a year ago. This

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

increase is attributable to the increase in compensated absences of \$52,379, increase in the amount due to the State General Fund of \$75,278, the increase in accounts payable of \$58,606, and the increase in payroll related liabilities of \$33,351.

Liabilities of \$2,139,142 constitute 4.7% of total assets and consist primarily of account payable (\$148,658) 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 (\$78,959); payroll taxes payable (\$32,441); payroll benefits payable (\$65,142); due to the State General Fund (\$940,093); and, compensated absences payable (\$873,849).

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 2015</u>	<u>FY 2014</u>	<u>Change</u>
Revenues and Transfers:			
General revenues:			
Miscellaneous revenue	\$ -	\$ 1,000	\$ (1,000)
Transfers:			
State General Fund appropriations (net of reversions)	9,166,307	8,683,385	482,922
Operating transfers in	187,968	397,133	(209,165)
Donated capital assets	390,951	296,126	94,825
	<u>9,745,226</u>	<u>9,377,644</u>	<u>367,582</u>
Program expenses:			
Legislative	9,391,464	8,810,238	581,226
Depreciation expense	1,917,463	1,889,893	27,570
	<u>11,308,927</u>	<u>10,700,131</u>	<u>608,796</u>
Change in net position	(1,563,701)	(1,322,487)	(241,214)
Net position, beginning	<u>44,999,045</u>	<u>46,321,532</u>	<u>1,322,487</u>
Net position, ending	<u>\$ 43,435,344</u>	<u>\$ 44,999,045</u>	<u>\$ (1,563,701)</u>

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Management's Discussion and Analysis
(Required Supplementary Information)
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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 \$4,956,037 restricted for subsequent years' expenditures.

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

The decrease in net position of (\$1,563,701) was the result of the (\$1,494,469) of a decrease in net capital assets, an increase of \$27,468 in funds restricted for subsequent years' expenditures, and a decrease of (\$96,700) in compensated absences payable.

The Council Service governmental activities general revenue and operating transfers-in increased by \$367,582, from a year ago. The significant change was the result of an increase in net state general fund appropriations of \$482,922, an increase in donated capital assets of \$94,825, a decrease in operating transfers-in of (\$209,165), and a decrease in miscellaneous revenue of (\$1,000).

The cost of governmental activities was \$11,308,927, compared to \$10,700,131 last year, or an increase of \$608,796 (5.69%). The increase was primarily the result of expenditures associated with the increase of \$662,200 in state general fund appropriations and the compensation appropriation.

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 \$4,956,187, which is above last year's combined fund balance of \$4,928,719, an increase of \$27,468 (0.56%). The fund balance of the Capitol Buildings Repair Special Revenue Fund increased as a result of transfers in of \$27,468 from the Capitol Kitchen Fund. The combined fund balance of \$4,956,187 remaining at year end includes \$4,956,037 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 \$14,766,900 to the final revised budget of \$14,766,900. Comparison of actual expenditures on a budgetary basis to approved budget amounts is presented below:

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

	<u>Original Budget</u>	<u>BAR Adjustments</u>	<u>Final Budget</u>	<u>Actual Amount</u>
Personal services/employee benefits	\$ 7,403,100	\$ -	\$ 7,403,100	\$ 6,940,028
Contractual services	1,593,100	7,500	1,600,600	308,754
Other	5,770,700	(1,007,500)	4,763,200	2,078,025
Other financing uses	-	1,000,000	1,000,000	-
Total	\$ <u>14,766,900</u>	\$ <u>-</u>	\$ <u>14,766,900</u>	\$ <u>9,326,807</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, 2015, the Council Service had \$76,005,238 of capital assets, accumulated depreciation of (\$36,652,232), resulting in net capital assets of \$39,353,006. 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 \$422,994, of which \$390,951 was donated to the Council Service.

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

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
<u>Non-Depreciable</u>		
Land	\$ 1,277,372	\$ 1,277,372
Artwork and books	167,275	174,775
Total non-depreciable capital assets	<u>1,444,647</u>	<u>1,452,147</u>
<u>Depreciable</u>		
Furniture and equipment	675,970	528,914
Buildings	13,618,274	14,008,302
Building improvements	<u>23,614,115</u>	<u>24,858,112</u>
Total depreciable capital assets	<u>37,908,359</u>	<u>39,395,328</u>
Total governmental activities capital assets, net	<u>\$ 39,353,006</u>	<u>\$ 40,847,475</u>

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June 30, 2015**

Debt - Compensated Absences Payable

At the end of the current fiscal year, the Council Service had total debt outstanding of \$873,849, comprising accumulated balances for terminal and sick leave eligible for payment to employees (compensated absences payable) upon termination of their employment from the Council Service. Employees can receive compensation for accumulated unpaid annual leave as of the date of termination, generally up to 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 2016 from the General Fund in Laws 2015, Chapter 1, Section 3 (A) and for Building Services, Laws 2015, Chapter 101, Section 4.A.(1) did not increase and no salary increases were appropriated.

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, 2015**

		<u>Governmental Activities</u>
Assets:		
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$	6,221,330
Petty cash		150
Land (note 3)	\$	1,277,372
Artwork and books (note 3)		167,275
Depreciable buildings, property and equipment (net of accumulated depreciation) (note 3)		<u>37,908,359</u>
		<u>39,353,006</u>
Total assets	\$	<u><u>45,574,486</u></u>
Liabilities:		
Accounts payable	\$	148,658
Accrued salaries payable		78,959
Payroll taxes payable		32,441
Payroll benefits payable		65,142
Due to State General Fund (note 5)		940,093
Compensated absences payable: (note 4)		
Due within one year - current	\$	334,310
Due after one year - long-term		<u>539,539</u>
		<u>873,849</u>
Total liabilities		<u>2,139,142</u>
Net Position:		
Net investment in capital assets		39,353,006
Restricted for General Fund		3,319,645
Restricted for Special Revenue Funds		1,636,392
Unrestricted		<u>(873,699)</u>
Total net position		<u>43,435,344</u>
Total liabilities and net position	\$	<u><u>45,574,486</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, 2015**

	Governmental Activities
Expenses:	
Legislative program	\$ 9,391,464
Depreciation and loss on disposal of capital assets	1,917,463
	11,308,927
Total expenses	11,308,927
Net (program expense) revenue	(11,308,927)
General revenues and transfers:	
Transfers:	
State General Fund appropriations	10,106,400
Donated capital assets	390,951
Operating transfers in (note 6)	187,968
Reversions - Fiscal Year 2015 (note 5)	(940,093)
	9,745,226
Total transfers	9,745,226
Total general revenues and transfers, net	9,745,226
Change in net position	(1,563,701)
Net Assets:	
Net position, beginning	44,999,045
Net position, ending	\$ 43,435,344

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Balance Sheet
Governmental Funds
June 30, 2015**

	Major Funds		
	General Fund - All Accounts	Fund 07500 Legis.-Capitol Buildings Repair Special Revenue Fund	Total Governmental Funds
Assets:			
Investment in the State Treasurer General Fund Investment Pool (note 2)	\$ 4,584,938	\$ 1,636,392	\$ 6,221,330
Petty cash	150	-	150
Total assets	\$ 4,585,088	\$ 1,636,392	\$ 6,221,480
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 148,658	\$ -	\$ 148,658
Accrued salaries payable	78,959	-	78,959
Payroll taxes payable	32,441	-	32,441
Payroll benefits payable	65,142	-	65,142
Due to State General Fund (note 5)	940,093	-	940,093
Total liabilities	1,265,293	-	1,265,293
Fund Balances:			
Fund balances:			
Committed:			
Petty Cash	150	-	150
Restricted:			
Subsequent years' expenditures (note 5 and 11)	3,319,645	1,636,392	4,956,037
Total fund balances	3,319,795	1,636,392	4,956,187
Total liabilities and fund balances	\$ 4,585,088	\$ 1,636,392	\$ 6,221,480

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

Fund Balances - Governmental Funds (Exhibit C)	\$ 4,956,187
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation	39,353,006
Compensated absences accrued in the government- wide financial statements, but not due and payable at fiscal year end	(873,849)
Net Position of Governmental Activities	\$ 43,435,344

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, 2015**

	Major Funds		
	General Fund - All Accounts	Fund 07500 Legis.-Capitol Buildings Repair Special Revenue Fund	Total Governmental Funds
Expenditures:			
Legislative:			
Current:			
Personal services and employee benefits \$	6,940,028	\$ -	6,940,028
Contractual services	308,754	-	308,754
Other costs	2,045,982	-	2,045,982
Capital Outlay	32,043		32,043
	<u>9,326,807</u>	<u>-</u>	<u>9,326,807</u>
Total expenditures			
	<u>9,326,807</u>	<u>-</u>	<u>9,326,807</u>
Other Financing Sources (uses):			
Transfers:			
State General Fund appropriations	10,106,400	-	10,106,400
Other Financing Sources	160,500	27,468	187,968
Reversions - Fiscal Year 2015 (note 5)	(940,093)	-	(940,093)
	<u>9,326,807</u>	<u>27,468</u>	<u>9,354,275</u>
Total other financing sources (uses)			
	<u>9,326,807</u>	<u>27,468</u>	<u>9,354,275</u>
Net change in fund balances	-	27,468	27,468
Fund Balances:			
Fund balance, beginning	<u>3,319,795</u>	<u>1,608,924</u>	<u>4,928,719</u>
Fund balance, ending	<u>\$ 3,319,795</u>	<u>\$ 1,636,392</u>	<u>\$ 4,956,187</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)	\$	27,468
Capital outlay reported as expenditures in governmental funds		32,043
Donated capital assets		390,951
Depreciation expense and disposal of capital assets - FY 2015		(1,917,463)
Net change in compensated absences not requiring the use of current financial resources - not reported as expenditures in governmental funds.		<u>(96,700)</u>
Change in Net Position - Governmental Activities (Exhibit B)	\$	<u>(1,563,701)</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, 2015

(From Statement 3)

	<u>Budgeted Amounts</u>		<u>Prior Years' Activity</u>	<u>Actual Budget Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>			
Revenues:					
State General Fund	\$ 10,106,400	\$ 10,106,400	\$ -	\$ 10,106,400	\$ -
Other revenues	4,660,500	4,660,500	4,500,000	160,500	-
Total revenues	14,766,900	14,766,900	<u>\$ 4,500,000</u>	<u>\$ 10,266,900</u>	<u>\$ -</u>
Prior-year cash balance	-	-			
Total resources	<u>\$ 14,766,900</u>	<u>14,766,900</u>			
Expenditures:					
Personal services and employee benefits	\$ 7,403,100	\$ 7,403,100	\$ -	\$ 6,940,028	\$ 463,072
Contractual services	1,593,100	1,600,600	180,355	308,754	1,111,491
Other	5,770,700	4,763,200	-	2,078,025	2,685,175
Other financing uses	-	1,000,000	1,000,000	-	-
Total expenditures	<u>\$ 14,766,900</u>	<u>\$ 14,766,900</u>	<u>\$ 1,180,355</u>	<u>\$ 9,326,807</u>	<u>\$ 4,259,738</u>

Reconciliation of GAAP basis to budget basis:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 10,266,900	\$ 9,326,807
Adjustments:		
None	-	-
Budget basis	<u>\$ 10,266,900</u>	<u>\$ 9,326,807</u>

Note:

The actual expenditures on the budget basis for FY 2015 do not include any accounts payable that required a request to pay prior-year bills out of the FY 2016 budget.

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

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Statement of Revenues and Expenditures - Budget and Actual (Budget Basis)
Major Governmental Funds
Legis.-Capitol Buildings Repair Special Revenue (Fund 07500)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budget Basis	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other revenues	\$ -	-	\$ 27,468	\$ 27,468
Total revenues	\$ -	-	\$ 27,468	\$ 27,468
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		\$ 27,468	\$ -	
Adjustments:				
None		-	-	
Budget basis		\$ 27,468	-	

Note:

The actual expenditures on the budget basis for FY 2015 do not include any accounts payable that required a request to pay prior-year bills out of the FY 2016 budget.

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

1. Summary of Organization and Significant Accounting Policies

The financial statements of the State of New Mexico, 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, 2015, represent fiscal year 2015 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 Legis.-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, 2015**

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 Legis.-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 Legis.-Capitol Buildings Repair Fund is a major fund of the Council Service and was created by Section 15-3B-17, NMSA 1978 as the "State Capitol Maintenance Fund". However, the fund is referred to by the Council Service as the "Legis.-Capitol Buildings Repair Fund". Revenue sources are derived into the fund from the GSD-Capitol Buildings Repair Fund and from the Capitol Kitchen Fund from the sale of food, food services and related concessions by the house of representatives.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

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

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The governmental funds of the Legislative Council Service follow GASB statements and interpretations.

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.

Governmental Accounting Standards Board Statement (GASBS) 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

During fiscal year 2015, the Legislative Council Service adopted the following GASB statements:

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

E. Investment in the State Treasurer General Fund Investment Pool

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

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

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

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

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

The Council Service follows Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*.

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

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

The spendable fund categories can be depicted as follows:

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

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

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

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

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

G. Capital Assets

Capital assets are recorded as expenditures in the governmental funds and capitalized at cost in the Statement of Activities. The valuation basis for capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement. 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.

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. Deferred Inflows/Outflows of Resources

GASBS 65, *Items Previously Reported as Assets and Liabilities*, became effective for financial statements for period beginning after December 15, 2012. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This statement amends the net assets reporting requirements in GASBS 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.

I. Compensated Absences Payable

Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

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

I. Compensated Absences Payable (Cont'd)

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.

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

The basis of accounting for the budget, as appropriated by the State Legislature and processed by the State Budget Division, differs from the basis of accounting required by GAAP. The budget for the 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 2016 budget. At June 30, 2015, there were none. Reconciling items between the budget basis to the GAAP basis of accounting are reflected in the various Statements of Revenue and Expenditures - Budget and Actual.

All of the unexpended and uncommitted appropriations made to the Council Service revert to the State General Fund, unless specifically excluded in the appropriation language, along with any unappropriated miscellaneous revenue.

2. Investment in the State Treasurer General Fund Investment Pool

State law (Section 8-6-3 NMSA 1978) requires the 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.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

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

Pooled cash and investments of \$6,221,330 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, 2015 State Treasurer's investment pool audited financial statements were not available as of November 16, 2015. Based on the State Treasurer's unaudited information, the management of the Council Service has presented pooled cash and investments at a value which approximates fair value as required by GASBS 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

<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	\$ 820,493	\$ -	\$ 820,493
Building Service Fund Account	13200	3,764,445	-	3,764,445
<u>Special Revenue Fund:</u>				
Legis.-Capitol Buildings Repair Fund	07500	1,636,392	-	1,636,392
		<u>\$ 6,221,330</u>	<u>\$ -</u>	<u>\$ 6,221,330</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 GASBS 40, *Deposit and Investment Risk Disclosures*, information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2015.

State General Fund Investment Pool

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

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

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

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

1. The established allowance recorded within the General Operating Reserve Fund is sufficient to accommodate the current calculated difference between resources held in the SGFIP and agency claims;
2. The calculated difference between resources maintained by STO and the agency claims has remained stable during the past seven months (February 2015 through August 2015) in which the process has been employed;
3. The entirety of any adjustment will be applied against the allowance established in the General Operating Reserve Fund. No portion of the adjustment shall be allocated to any specific business unit that participates in the SGFIP.

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

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2015:

	<u>Balance 06/30/14</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance 6/30/2015</u>
Governmental activities:				
Nondepreciable assets:				
Land	\$ 1,277,372	\$ -	\$ -	1,277,372
Artwork and books	174,775	-	(7,500)	167,275
Total	<u>1,452,147</u>	<u>-</u>	<u>(7,500)</u>	<u>1,444,647</u>
Depreciable assets:				
Furniture & equipment	1,695,414	422,994	(25,000)	2,093,408
Buildings	22,779,208	-	-	22,779,208
Building improvements	<u>49,687,975</u>	<u>-</u>	<u>-</u>	<u>49,687,975</u>
Total	<u>74,162,597</u>	<u>422,994</u>	<u>(25,000)</u>	<u>74,560,591</u>
Total capital assets	<u>75,614,744</u>	<u>422,994</u>	<u>(32,500)</u>	<u>76,005,238</u>
Less accumulated depreciation for:				
Furniture & equipment	(1,166,500)	(275,938)	25,000	(1,417,438)
Buildings	(8,770,906)	(390,028)	-	(9,160,934)
Building improvements	<u>(24,829,863)</u>	<u>(1,243,997)</u>	<u>-</u>	<u>(26,073,860)</u>
Total accumulated depreciation	<u>(34,767,269)</u>	<u>(1,909,963)</u>	<u>25,000</u>	<u>(36,652,232)</u>
Total governmental activities capital assets net	<u>\$ 40,847,475</u>	<u>\$ (1,486,969)</u>	<u>(7,500)</u>	<u>39,353,006</u>

Depreciation expense for the year of \$1,909,963 was charged to governmental activities.

Legislative

\$1,909,963

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

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, 2015:

	<u>Balance 06/30/2014</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>Balance 06/30/2015</u>	<u>Amounts Due Within One Year</u>	<u>Long Term</u>
Compensated absences						
Council Service	\$ 503,449	\$ 261,176	\$ (203,599)	\$ 561,026	\$ 232,768	\$ 328,258
Building Services	273,700	139,303	(100,180)	312,823	101,542	211,281
Total	<u>\$ 777,149</u>	<u>\$ 400,479</u>	<u>\$ (303,779)</u>	<u>\$ 873,849</u>	<u>\$ 334,310</u>	<u>\$ 539,539</u>

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

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

	<u>General Fund</u>		
	<u>Council Service</u>	<u>Building Services</u>	<u>Total</u>
Cash balance, June 30, 2015	\$ 820,493	\$ 3,764,445	\$ 4,584,938
Less:			
Accounts payable at 6/30/15	(50,066)	(98,592)	(148,658)
Accrued payroll at 6/30/15	(48,084)	(30,875)	(78,959)
Payroll taxes payable, 6/30/15	(21,991)	(10,450)	(32,441)
Payroll benefits payable, 6/30/15	(37,591)	(27,551)	(65,142)
Restricted for subsequent expenditure- capitol building renovations-multi-year	<u> -</u>	<u>(3,319,645)</u>	<u>(3,319,645)</u>
Due to State General Fund, June 30, 2015	<u>\$ 662,761</u>	<u>\$ 277,332</u>	<u>\$ 940,093</u>
Reconciliation of Reversions to the amount Due to the State General Fund:			
Total Reversions	\$ 662,761	\$ 277,332	\$ 940,093
Reverted during FY 2015	<u> -</u>	<u> -</u>	<u> -</u>
Due to State General Fund, June 30, 2015	<u>\$ 662,761</u>	<u>\$ 277,332</u>	<u>\$ 940,093</u>

Total reversions for the year for the Council Service Account, Fund 12900 amounted to \$662,761.
Total reversions for the year for the Building Services Account Fund 13200 amounted to \$277,332.
Total reversions for the two General Fund accounts amounted to \$940,093.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

6. Transfers

Inter-agency transfers for the 2015 fiscal year are as follows:

To		From		Purpose
Agency/Fund	Amount	Agency/Fund	Amount	
11100/12900	\$ 5,821,000	34100/85300	\$ 5,821,000	General Fund appropriation, Laws 2014, Ch. 1, Sec. 3
* 11100/12900	103,400	34100/62000	103,400	General Fund Compensation Package 2015 FY.
34101/85300	539,272	11100/12900	539,272	General Fund reversion 2014 FY.
35000/35903	23,890	11100/12900	23,890	Unemployment Insurance payment to GSD
35000/35303	13,884	11100/12900	13,884	Insurance payments to GSD (Worker's Comp.)
35000/35703	45,298	11100/12900	45,298	Insurance payments to GSD (Civil Rights, General Liability)
13100/13300	411	11100/12900	411	To correct expenses between 11100 and 13100.
11100/12900	281	13100/13300	281	To correct expenses for Jobs Council between 11100 and 13100.
11100/07500	109,429	11100/81100	109,429	Transfer of House Concession Receipts to Legis. - Capitol Bldg. Repair Fund - FY 2014.
35000/36503	556	11100/12900	556	Motorpool Charges
35000/36503	595	11100/12900	595	Motorpool Charges
13100/13301	1,025	11100/12900	1,025	To correct payroll charged to the wrong Business Unit (PPE 1/2/15).
13100/13301	2,522	11100/12900	2,522	To correct payroll charged to the wrong Business Unit (PPE 12/19/14).
11100/12900	11,766	13100/13300	11,766	To correct expenditures to the correct BU due to altering of vouchers by DFA.
11100/12900	4,130	13100/13300	4,130	To correct payroll charged to the wrong Business Unit (PPE 1/30/15).
11100/12900	9,155	13100/13300	9,155	To correct payroll charged to the wrong Business Unit (PPE 1/30/15 & 2/13/15).
34101/85300	325,543	11900/13200	325,543	General Fund reversion 2014 FY.
34101/85300	18,615	11900/13200	18,615	Media lease deposits FY 15.
* 11900/13200	57,100	34100/62000	57,100	General Fund Compensation Package 2015 FY.
11900/13200	4,285,400	34101/85300	4,285,400	General Fund appropriation, Laws 2014, Ch. 63, Sec. 4.A.(1)
35000/35903	51,244	11900/13200	51,244	Insurance payments to GSD (Worker's Comp.)
35000/35303	10,838	11900/13200	10,838	Unemployment Insurance payment to GSD
35000/35703	15,263	11900/13200	15,263	Insurance payments to GSD (Civil Rights, General Liability)
35000/36503	30	11900/13200	30	Defensive driving training
35000/36503	60	11900/13200	60	Defensive driving training
13101/20030	280	11900/13200	280	To correct payroll expenses between 11900 and 13101 (PPE 3/27/15).
11900/13200	163	80500/20100	163	To correct payroll expenses for terminal leave from DOT.
11900/13200	140	37000/18000	140	Payment for replacement cards for parking structure (SOS).
11100/12900	1,396,600	34101/85300	1,396,600	Laws 2014, Ch. 1, Sec. 3.B., C., D., & Sec. 6, Ch. 63, Sec. 4 (2) DFA changes
34101/85300	1,396,600	11100/12900	1,396,600	To reverse unauthorized DFA changes to the correct fund and business unit.
13100/13300	879	11100/12900	879	Correct payroll for PPE 1/30/15 liabilities.
11100/12900	27	11400/74300	27	To reimburse 11100 for expenses paid in error belonging to 11400.
11100/12900	42	23100/14100	42	To reimburse 11100 for expense due to an employee transfer.
* 11100/07500	27,468	11100/81100	27,468	FY 15 transfer of House Concession Receipts.
35000/35603	121,263	11900/13200	121,263	Insurance payments to GSD (Property)
	<u>\$ 14,394,169</u>		<u>\$ 14,394,169</u>	

* Operating transfers-in (Government Activities)(Exhibit B)

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

7. Pension Plan - Public Employees Retirement Association

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

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015. The Legislative Council Service, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM 87501.

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.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, 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.

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

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

The Legislative Council Service's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$91,227, \$86,325 and \$84,889, 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 lease commitments exist which require disclosure. Total lease expenditures for rent of equipment for the year ended June 30, 2015, amounted to \$99,454.

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 Appropriation</u>		<u>Purpose</u>
		<u>Balance</u>	<u>Lapses</u>	
11900/13200	\$ 4,500,000	\$ 3,319,645	06/30/2016	Capitol Building Renovations appropriations Laws 2007, Ch. 192, Sec. 1 (Extended by Laws 2014, Ch. 64, Sec. 46)

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Notes to the Financial Statements
June 30, 2015**

12. Net Position Deficit

GASBS 34, *Basic Financial Statements - and Management's Discussion and Analysis- for State and Local Governments*, requires capitalized assets, net of accumulated depreciation, and the inclusion of long-term debt resulting in an unrestricted net asset deficit of (\$873,699). This deficit is created by compensated absence liabilities which will be paid from subsequent years State General Fund Appropriations.

13. Subsequent Events Review

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

Combining and Individual Fund Financial Statements

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)

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Combining Balance Sheet
General Fund - All Accounts
June 30, 2015**

	<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)	\$ 820,493	\$ 3,764,445	\$ 4,584,938
Petty cash	100	50	150
	<u>820,593</u>	<u>3,764,495</u>	<u>4,585,088</u>
Total assets	<u>\$ 820,593</u>	<u>\$ 3,764,495</u>	<u>\$ 4,585,088</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 50,066	\$ 98,592	\$ 148,658
Accrued salaries payable	48,084	30,875	78,959
Payroll taxes payable	21,991	10,450	32,441
Payroll benefits payable	37,591	27,551	65,142
Due to State General Fund (note 5)	662,761	277,332	940,093
	<u>820,493</u>	<u>444,800</u>	<u>1,265,293</u>
Total liabilities	<u>820,493</u>	<u>444,800</u>	<u>1,265,293</u>
Fund Balance:			
Committed:			
Petty cash	100	50	150
Restricted:			
Subsequent years' expenditures	-	3,319,645	3,319,645
	<u>100</u>	<u>3,319,695</u>	<u>3,319,795</u>
Total fund balance	<u>100</u>	<u>3,319,695</u>	<u>3,319,795</u>
Total liabilities and fund balances	<u>\$ 820,593</u>	<u>\$ 3,764,495</u>	<u>\$ 4,585,088</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, 2015**

	<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	\$ 4,188,379	\$ 2,751,649	\$ 6,940,028
Contractual services	205,153	103,601	308,754
Other	863,093	1,182,889	2,045,982
Capital outlay	<u>5,014</u>	<u>27,029</u>	<u>32,043</u>
Total expenditures	<u>5,261,639</u>	<u>4,065,168</u>	<u>9,326,807</u>
Other financing sources (uses):			
Transfers:			
State General Fund appropriations	5,821,000	4,285,400	10,106,400
Other Financing sources	103,400	57,100	160,500
Reversions - Fiscal Year 2015 (note 5)	<u>(662,761)</u>	<u>(277,332)</u>	<u>(940,093)</u>
Total other financing sources (uses)	<u>5,261,639</u>	<u>4,065,168</u>	<u>9,326,807</u>
Net change in fund balance	-	-	-
Fund Balances:			
Fund balance, beginning of year	<u>100</u>	<u>3,319,695</u>	<u>3,319,795</u>
Fund balance, end of year	<u>\$ 100</u>	<u>\$ 3,319,695</u>	<u>\$ 3,319,795</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, 2015

(From Statements 4 and 7)
(To Exhibit E)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State General Fund	\$ 10,106,400	\$ 10,106,400	\$ -	\$ 10,106,400	\$ -
Other revenues	4,660,500	4,660,500	4,500,000	160,500	-
Total revenues	14,766,900	14,766,900	<u>\$ 4,500,000</u>	<u>\$ 10,266,900</u>	<u>\$ -</u>
Prior-year cash balance	-	-			
Total resources	<u>\$ 14,766,900</u>	<u>\$ 14,766,900</u>			

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Personal services	\$ 7,403,100	\$ 7,403,100	\$ -	\$ 6,940,028	\$ 463,072
Contractual services	1,593,100	1,600,600	180,355	308,754	1,111,491
Other	5,770,700	4,763,200	-	2,078,025	2,685,175
Other financing uses	-	1,000,000	1,000,000	-	-
Total expenditures	<u>\$ 14,766,900</u>	<u>\$ 14,766,900</u>	<u>\$ 1,180,355</u>	<u>\$ 9,326,807</u>	<u>\$ 4,259,738</u>

Reconciliation of GAAP basis to budget basis:	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 10,266,900	\$ 9,326,807
Adjustments:		
None	-	-
Budget basis	<u>\$ 10,266,900</u>	<u>\$ 9,326,807</u>

Note:

The actual expenditures on the budget basis for FY 2015 do not include any accounts payable that required a request to pay prior-year bills out of the FY 2016 budget.

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

STATE OF NEW MEXICO
 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, 2015

(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	\$ 5,821,000	\$ 5,821,000	\$ -	\$ 5,821,000	\$ -
Other revenues	103,400	103,400	-	103,400	-
Total revenues	5,924,400	5,924,400	\$ -	\$ 5,924,400	\$ -
Prior-year cash balance	-	-			
Total resources	\$ 5,924,400	\$ 5,924,400			

	<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	\$ 4,518,700	\$ 4,518,700	\$ -	\$ 4,188,379	\$ 330,321
Contractual services	237,500	237,500	-	205,153	32,347
Other	1,168,200	1,168,200	-	868,107	300,093
Total expenditures	\$ 5,924,400	\$ 5,924,400	\$ -	\$ 5,261,639	\$ 662,761

Reconciliation of GAAP basis to budget basis:

	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 5,924,400	\$ 5,261,639
Adjustments:		
None	-	-
Budget basis	\$ 5,924,400	\$ 5,261,639

Note:

The actual expenditures on the budget basis for FY 2015 do not include any accounts payable that required a request to pay prior-year bills out of the FY 2016 budget.

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

STATE OF NEW MEXICO
 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 5,279,000	\$ 5,279,000	\$ 5,279,000	\$ -
Other revenues	103,400	103,400	103,400	-
Total revenues	5,382,400	5,382,400	<u>\$ 5,382,400</u>	<u>\$ -</u>
Prior-year cash balance	-	-		
Total resources	<u>\$ 5,382,400</u>	<u>\$ 5,382,400</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Personal services	\$ 4,518,700	\$ 4,518,700	\$ 4,188,379	\$ 330,321
Contractual services	237,500	237,500	205,153	32,347
Other	626,200	626,200	466,728	159,472
Total expenditures	<u>\$ 5,382,400</u>	<u>\$ 5,382,400</u>	<u>\$ 4,860,260</u>	<u>\$ 522,140</u>
Reconciliation of GAAP basis to budget basis:		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 5,382,400	\$ 4,860,260	
Adjustments:				
None		-	-	
Budget basis		<u>\$ 5,382,400</u>	<u>\$ 4,860,260</u>	

Note:

The actual expenditures on the budget basis for FY 2015 do not include any accounts payable that required a request to pay prior-year bills out of the FY 2016 budget.

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

STATE OF NEW MEXICO
 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 542,000	\$ 542,000	\$ 542,000	\$ -
Other Revenues	-	-	-	-
Total revenues	542,000	542,000	<u>\$ 542,000</u>	<u>\$ -</u>
Prior-year cash balance	-	-		
Total resources	<u>\$ 542,000</u>	<u>\$ 542,000</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	542,000	542,000	401,379	140,621
Total expenditures	<u>\$ 542,000</u>	<u>\$ 542,000</u>	<u>\$ 401,379</u>	<u>\$ 140,621</u>
Reconciliation of GAAP basis to budget basis:		<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis		\$ 542,000	\$ 401,379	
Adjustments:				
None		-	-	
Budget basis		<u>\$ 542,000</u>	<u>\$ 401,379</u>	

Note:

The actual expenditures on the budget basis for FY 2015 do not include any accounts payable that required a request to pay prior-year bills out of the FY 2016 budget.

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

STATE OF NEW MEXICO
 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, 2015

(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	\$ 4,285,400	\$ 4,285,400	\$ -	\$ 4,285,400	\$ -
Other revenues	<u>4,557,100</u>	<u>4,557,100</u>	<u>4,500,000</u>	<u>57,100</u>	<u>-</u>
Total revenues	8,842,500	8,842,500	<u>\$ 4,500,000</u>	<u>\$ 4,342,500</u>	<u>\$ -</u>
Prior-year cash balance	<u>-</u>	<u>-</u>			
Total resources	<u>\$ 8,842,500</u>	<u>\$ 8,842,500</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Personal services	\$ 2,884,400	\$ 2,884,400	\$ -	\$ 2,751,649	\$ 132,751
Contractual services	1,355,600	1,363,100	180,355	103,601	1,079,144
Other	4,602,500	3,595,000	-	1,209,918	2,385,082
Other financing uses	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 8,842,500</u>	<u>\$ 8,842,500</u>	<u>\$ 1,180,355</u>	<u>\$ 4,065,168</u>	<u>\$ 3,596,977</u>
Reconciliation of GAAP basis to budget basis:			<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis			\$ 4,342,500	\$ 4,065,168	
Adjustments:					
None			<u>-</u>	<u>-</u>	
Budget basis			<u>\$ 4,342,500</u>	<u>\$ 4,065,168</u>	

Note:

The actual expenditures on the budget basis for FY 2015 do not include any accounts payable that required a request to pay prior-year bills out of the FY 2016 budget.

The accompanying notes are an integral part of 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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State General Fund	\$ 4,285,400	\$ 4,285,400	\$ 4,285,400	\$ -
Other revenues	57,100	57,100	57,100	-
Miscellaneous revenue	-	-	-	-
Total revenues	4,342,500	4,342,500	<u>\$ 4,342,500</u>	<u>\$ -</u>
Prior-year cash balance	-	-		
Total resources	<u>\$ 4,342,500</u>	<u>\$ 4,342,500</u>		

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:				
Personal services	\$ 2,884,400	\$ 2,884,400	\$ 2,751,649	\$ 132,751
Contractual services	97,400	104,900	103,601	1,299
Other	1,360,700	1,353,200	1,209,918	143,282
Total expenditures	<u>\$ 4,342,500</u>	<u>\$ 4,342,500</u>	<u>\$ 4,065,168</u>	<u>\$ 277,332</u>

Reconciliation of GAAP basis to budget basis:	<u>Revenues</u>	<u>Expenditures</u>
GAAP basis	\$ 4,342,500	\$ 4,065,168
Adjustments:		
None	-	-
Budget basis	<u>\$ 4,342,500</u>	<u>\$ 4,065,168</u>

Note:

The actual expenditures on the budget basis for FY 2015 do not include any accounts payable that required a request to pay prior-year bills out of the FY 2016 budget.

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

STATE OF NEW MEXICO
 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 6/30/2016)
 For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenues	4,500,000	4,500,000	4,500,000	-	-
Total revenues	4,500,000	4,500,000	<u>4,500,000</u>	<u>-</u>	<u>-</u>
Prior-year cash balance	-	-			
Total resources	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Prior Years' Activity</u>	<u>Actual (Budget Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:					
Personal services	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	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	<u>\$ 4,500,000</u>	<u>\$ 4,500,000</u>	<u>\$ 1,180,355</u>	<u>\$ -</u>	<u>\$ 3,319,645</u>
Reconciliation of GAAP basis to budget basis:			<u>Revenues</u>	<u>Expenditures</u>	
GAAP basis			\$ -	\$ -	
Adjustments:					
None			-	-	
Budget basis			<u>\$ -</u>	<u>\$ -</u>	

Note:

The actual expenditures on the budget basis for FY 2015 do not include any accounts payable that required a request to pay prior-year bills out of the FY 2016 budget.

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

Supplemental Section

STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
SCHEDULE OF VENDOR INFORMATION
For Purchases Exceeding \$60,000 (excluding GRT)
Prepared by: Kathy Pacheco-Dofflemeyer
Title: Chief Financial Officer Date: October 20, 2015

<u>RFB#/RFP#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>\$ Amount of Awarded Contract</u>	<u>\$ Amount of Amended Contract</u>	<u>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</u>	<u>In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)</u>	<u>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answers N/A</u>	<u>Brief Description of the Scope of Work</u>
June 7, 2013	RFP	Vincent and Associates	\$83,030	\$83,030	Vincent and Associates, Albuquerque, NM	In-State	N	Information Systems Consultant Amendment #1

OTHER REPORTS

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

Independent Auditor's Report

Senator Mary Kay Papen, President Pro-Tem of the Senate
and
Representative Don L. Tripp, Speaker of the House
of Representatives
State of New Mexico -
Legislative Council Service
Santa Fe, New Mexico
and
Mr. Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards*** issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison statements 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, 2015, 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 individual funds and related budgetary comparisons of the Council presented as supplemental information, and have issued our report thereon dated November 16, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of New Mexico, 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 Council's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of New Mexico, 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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
November 16, 2015

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Schedule of Findings and Responses
June 30, 2015**

I. PRIOR-YEAR AUDIT FINDINGS

a. Repeated in current-year

None

b. Resolved and not included in current-year

None

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

None

**STATE OF NEW MEXICO
LEGISLATIVE COUNCIL SERVICE
Financial Statement Preparation and Exit Conference
June 30, 2015**

Financial Statement Preparation

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

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

Exit Conference

An exit conference was held on November 16, 2015, to discuss the audit. The following individuals were in attendance:

State of New Mexico - Legislative Council Service

Senator Mary Kay Papen, President Pro-Tempore of the Senate, Legislative Council
Co-Chairman

Representative Don L. Tripp, 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