

**STATE OF NEW MEXICO
FUND 20030 SENATE**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2016**

**STATE OF NEW MEXICO
FUND 20030 SENATE
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June 30, 2016

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**STATE OF NEW MEXICO
FUND 20030 SENATE
Official Roster**

June 30, 2016

FIFTY-SECOND LEGISLATURE, SECOND SESSION

Mary Kay Papen	President Pro-Tempore
Michael S. Sanchez	Majority Floor Leader
Stuart Ingle	Minority Floor Leader
Lenore Naranjo	Senate Chief Clerk

COMMITTEES' COMMITTEE

Mary Kay Papen	Chair
Michael S. Sanchez	Vice-Chair
Pete Campos	Member
Carlos R. Cisneros	Member
Stuart Ingle	Member
George K. Munoz	Member
Michael Padilla	Member
William H. Payne	Member
Clemente Sanchez	Member
William E. Sharer	Member
John Arthur Smith	Member

LEGISLATIVE COUNCIL SERVICE

Raúl Burciaga	Director
Kathy Pacheco-Dofflemeyer	Assistant Director For Administration



WEINER & COMPANY P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

State of New Mexico,
Fund 20030 Senate
Tim Keller, New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison for the general fund of the State of New Mexico, Fund 20030 Senate, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State of New Mexico, Fund 20030 Senate's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the State of New Mexico, Fund 20030 Senate, as of June 30, 2016, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements of the State of New Mexico, Fund 20030 Senate are intended to present the financial position and changes in financial position of only that portion of the governmental activities and the major fund that is attributable to the transactions of the Fund. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2016, and the changes in its financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements and budgetary comparisons of the State of New Mexico, Fund 20030 Senate. The Schedule of Vendor Information required by Section 2.2.2.10(A)(2)(g) NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016 on our consideration of the State of New Mexico, Fund 20030 Senate'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, Fund 20030 Senate's internal control over financial reporting and compliance.

Weiner & Company, P.C.

Santa Fe, New Mexico
November 22, 2016

STATE OF NEW MEXICO
FUND 20030 SENATE
Statement of Net Position

June 30, 2016

Assets:

Investment in the State General Fund Investment Pool, Note B	\$	-
Capital assets, net of accumulated depreciation, Note C		<u>223,513</u>
		<u>223,513</u>

Net Position:

Net investment in capital assets	\$	<u><u>223,513</u></u>
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The Accompanying Notes Are An Integral Part Of These Financial Statements.

STATE OF NEW MEXICO
 FUND 20030 SENATE
 Statement of Activities

For The Year Ended June 30, 2016

Expenses:

Personal services/employee benefits	\$ 1,151,811
Contractual services	35,234
Other	348,285
Depreciation, Note C	<u>27,350</u>
	<u>1,562,680</u>

General Revenues and Transfers:

State general fund appropriations, Note D	2,133,200
Transfers:	
Transfers out, Note E	<u>(597,870)</u>
	<u>1,535,330</u>

Change in Net Position

(27,350)

Net Position:

Beginning of year	<u>250,863</u>
End of year	<u>\$ 223,513</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements.

STATE OF NEW MEXICO
 FUND 20030 SENATE
 Balance Sheet - Governmental Funds

June 30, 2016

Assets:

Investment in State General Fund Investment Pool, Note B

\$ -

Fund Balance:

Unassigned

\$ -

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balance - Governmental Funds

\$ -

Capital Assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore, are not reported in the funds.

 223,513

Net Position of Governmental Activities

\$ 223,513

The Accompanying Notes Are An Integral Part Of These Financial Statements.

STATE OF NEW MEXICO
 FUND 20030 SENATE
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For The Year Ended June 30, 2016

Current Expenditures:

Personal services/employee benefits	\$	1,151,811
Contractual services		35,234
Other		348,285
		<u>1,535,330</u>

Other Financing Sources (Uses):

State general fund appropriations, Note D	2,133,200
Transfers:	
Transfers out, Note E	<u>(597,870)</u>
	<u>1,535,330</u>

Net Change in Fund Balance

-

Fund Balance:

Beginning of year	<u>-</u>
End of year	<u>\$ -</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements.

STATE OF NEW MEXICO
 FUND 20030 SENATE
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance to
 Statement of Activities

For The Year Ended June 30, 2016

Amounts reported for governmental activities in the Statement of Net
 Position are different because:

Net Change in Fund Balance - Total Governmental Funds	\$	-
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Depreciation expense, Note C		<u>(27,350)</u>
Change in Net Position - Governmental Activities	\$	<u><u>(27,350)</u></u>

The Accompanying Notes Are An Integral Part Of These Financial Statements.

STATE OF NEW MEXICO
 FUND 20030 SENATE
 Statement of Revenues and Expenditures - Budgeted and Actual (GAAP Basis)

For The Year Ended June 30, 2016

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
State General Fund Appropriations:				
52nd Legislature, 2nd Session				
Laws 2016				
Chapter 1, Section 1.B (1)	\$ 205,380	\$ 205,380	\$ 205,380	\$ -
Chapter 1, Section 1.B (3)	6,405	6,405	6,405	-
Chapter 1, Section 1.B (5)	1,541,790	1,541,790	1,541,790	-
Chapter 1, Section 1.B (7)	379,625	379,625	379,625	-
Total State General Fund Appropriations	\$ <u>2,133,200</u>	\$ <u>2,133,200</u>	\$ <u>2,133,200</u>	\$ <u>-</u>
52nd Legislature, 2nd Session				
Expenditures:				
Personal services, employee benefits	\$ 1,541,790	\$ 1,541,790	\$ 1,151,811	\$ 389,979
Contractual services and other	591,410	591,410	383,519	207,891
Total Expenditures	\$ <u>2,133,200</u>	\$ <u>2,133,200</u>	\$ <u>1,535,330</u>	\$ <u>597,870</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements.

**STATE OF NEW MEXICO
FUND 20030 SENATE
Notes to Financial Statements**

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A primary government is any state or general purpose local government consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The State of New Mexico, Fund 20030 Senate, therefore, is part of the primary government of the State of New Mexico and its financial data should be included in the financial data of the State.

The financial statements of the State of New Mexico, Senate, Fifty-Second Legislature, Second Session has 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 Fund does not have any component units. The financial statements for the period ended June 30, 2016 represent activity in Fund 20030 from July 1, 2015 to June 30, 2016. The more significant accounting policies of the Fund are described below.

1. Basic Financial Statements - Government-Wide Statements

Fund 20030's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental. Fund 20030 is classified as a governmental activity.

The government-wide Statement of Net Position 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 government-wide Statement of Activities reports the cost of the Fund 20030's function. The function is supported by general government revenues (intergovernmental revenues). This government-wide focus is on the change in net position resulting from activities from the period July 1, 2015 the June 30, 2016.

2. Basic Financial Statements - Fund Financial Statements

The financial transactions of Fund 20030 are reported in an individual fund in the financial statements. The operations of Fund 20030 are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in this individual fund based on the appropriate state statutes and the purposes for which they are spent and the means by which pending activities are controlled. The following fund type is utilized by Fund 20030:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental fund:

General Fund - Fund 20030 is used to administer and account for the activity of the Senate during the regular and special sessions. Money in the Fund may be expended for Senate per diem and mileage, employee salaries and other expenses.

STATE OF NEW MEXICO
FUND 20030 SENATE
Notes to Financial Statements

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Accounting

Basis of accounting refers to the point at which revenues and 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. This governmental Fund 20030 presents its financial statements in accordance with U.S. Generally Accepted Accounting Principles as prescribed in applicable pronouncements of the Governmental Accounting Standards Board (GASB).

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 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.

4. Investment in the State General Fund Investment Pool

The State of New Mexico, Office of the State Treasurer's scope of authority for the types of investments which may be made with state funds is statutorily defined and governed by the State Treasurer's Investment Policy approved by the State Board of Finance.

5. Capital Assets

Capital assets are recorded as expenditures in the governmental funds and capitalized at cost in the Statement of Position. The valuation basis for capital assets are historical cost, or when historical cost is not available, estimated historical cost based on replacement. Donated capital assets are capitalized at fair market value at the date of donation.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: furniture and equipment, 5-12 years. During the 2005 Regular Legislative Session, HB 1074 amended Section 12-6-10 NMSA 1978 changing the capitalization threshold for movable chattel and equipment from items costing more than \$1,000 to items costing more than \$5,000 effective June 17, 2005.

STATE OF NEW MEXICO
FUND 20030 SENATE
Notes to Financial Statements

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Nature and Purposes of Classifications of Net Position and Fund Balance

Government-wide net position is divided into two components:

Restricted net position - consists of assets that are restricted by state enabling legislation.

Unrestricted net position - all other assets are reported in this category.

When an expense is incurred that can be paid using either restricted resources or unrestricted resources, the Fund's policy is to first apply the expense toward restricted, and then toward unrestricted resources.

Governmental fund balances are divided into five classifications based on the extent to which government is bound to honor constraints and 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.

Spendable fund categories can be depicted as follows:

Restricted are amounts that are 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.

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.

7. Budgetary Procedures and Accounting

Fund 20030 consists of several activities appropriated by law and are budgeted based on Generally Accepted Accounting Principles using the modified accrual method. The appropriations do not revert to the State of New Mexico General Fund.

STATE OF NEW MEXICO
FUND 20030 SENATE
Notes to Financial Statements

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

In January 2013, GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Government Accounting Standards Board Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in Notes to Financial Statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

**STATE OF NEW MEXICO
FUND 20030 SENATE
Notes to Financial Statements**

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Impact of Recently Issued Accounting Principles, (Cont'd)
Recently Issued and Adopted Accounting Pronouncements (Cont'd)

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

1. Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
2. Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.
3. Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

Government Accounting Standards Board Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, as amended, and Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement No. 43, and Statement No. 50, Pension Disclosures.

Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

1. Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

**STATE OF NEW MEXICO
FUND 20030 SENATE
Notes to Financial Statements**

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Impact of Recently Issued Accounting Principles, (Cont'd)
Recently Issued and Adopted Accounting Pronouncements (Cont'd)

2. OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
3. OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

Compliant with the requirements of Government Accounting Standards Board Statement No.68, No.71, and No. 73, the State of New Mexico has implemented the standards for the fiscal year ending June 30, 2016.

The Senate, 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). Overall, the total pension liability exceeds the Plan net position resulting in a net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in 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 State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of Generally Accepted Accounting Principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

STATE OF NEW MEXICO
FUND 20030 SENATE
Notes to Financial Statements

NOTE B - INVESTMENT IN THE STATE GENERAL FUND INVESTMENT POOL

State law (Section 8-6-3 NMSA 1978) requires the Fund's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Fund consist of an interest in State General Fund Investment Pool managed by the New Mexico State Treasurer's Office. At June 30, 2016 the Fund had the following invested in the State General Fund Investment Pool:

SHARE BU 13101, Fund 20030 Senate \$ _____ -

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 a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

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

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2016.

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
FUND 20030 SENATE
Notes to Financial Statements**

NOTE C - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016.

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Furniture and equipment	\$ 304,148	\$ -	\$ -	\$ 304,148
Accumulated depreciation	(53,285)	(27,350)	-	(80,635)
	<u>\$ 250,863</u>	<u>\$ (27,350)</u>	<u>\$ -</u>	<u>\$ 223,513</u>

Depreciation expense was charged to governmental activities as follows:

General government	<u>\$ 27,350</u>
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NOTE D - STATE GENERAL FUND APPROPRIATIONS

State General Fund Appropriations consist of the following:

52nd Legislature, 2nd Session, Laws 2016, Chapter 1, Section 1.B (1)	\$ 205,380
52nd Legislature, 2nd Session, Laws 2016, Chapter 1, Section 1.B (3)	6,405
52nd Legislature, 2nd Session, Laws 2016, Chapter 1, Section 1.B (5)	1,541,790
52nd Legislature, 2nd Session, Laws 2016, Chapter 1, Section 1.B (7)	<u>379,625</u>
	<u>\$ 2,133,200</u>

**STATE OF NEW MEXICO
FUND 20030 SENATE
Notes to Financial Statements**

NOTE E - TRANSFERS

Transfers out:

At the end of the Regular or Special Legislative Session, any remaining cash balance in Fund 20030 reverts to the Legislature's cash balance in Fund 13300. The following amount is recorded as a transfer out in the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund Balance.

Transfer from BU 13101, Fund 20030 to BU 13100, Fund 13300	\$ <u>597,870</u>
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NOTE F - RISK MANAGEMENT

The Legislature is exposed to various risk of loss related to torts, theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the Fund carried insurance (Workers Compensation, Unemployment Compensation, Employee Liability, and Transportations Property) with the State of New Mexico Risk Management Division (RMD) of the General Services Department.

NOTE G - STATEWIDE CASH RECONCILIATION UPDATE

As communicated in the prior year audit, the Financial Control Division (FCD) in collaboration with the State Treasurer's Office (STO), implemented a comprehensive reconciliation model that compared aggregated agency claims on the State General Fund Investment Pool (SGFIP) and to the associated resources held by the State Treasurer's Office. This process now has been reviewed by the IPAs performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's comprehensive Annual Financial Report for fiscal year 2015. Each review of the process deemed it to be adequate and the findings related to Cash Reconciliation were significantly reduced or eliminated. Successfully addressing this issue allowed the Department to reinstate \$100M that had been reserved as a loss contingency.

For FY 2016 the following assertions are provided,

1. The calculated difference between resources maintained by STO and the agency claims has remained stable and within a narrow and acceptable range (< \$200k standard deviation) over the last twelve months;
2. Resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the SGFIP;
3. All claims will be honored at face value.

Fund 20030 Senate has cash reconciliation policies and procedures in place which are performed on a monthly basis to ensure that the agency's cash balances in SHARE are correct and to mitigate the risk that the agency's cash balances would not be misstated as of June 30, 2016.

**STATE OF NEW MEXICO
FUND 20030 SENATE
Notes to Financial Statements**

NOTE H - MANAGEMENT'S DISCUSSION AND ANALYSIS EXPLANATION

Management's discussion and analysis, while required to be presented to supplement the basic financial statements, are generally outside the purview of the legislature's management staff. The legislative body is the sole entity responsible for preparing a budget based on revenue estimates, state needs and statutory and constitutional requirements. Once appropriated, management staff is responsible for ensuring that expenditures are in compliance with state law.

STATE OF NEW MEXICO
FUND 20030 SENATE
Schedule of Vendor Information

For The Year Ended June 30, 2016

None.



WEINER & COMPANY P.C.
Certified Public Accountants

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

State of New Mexico,
Fund 20030 Senate
Tim Keller, New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the budgetary comparison of the general fund of the State of New Mexico, Fund 20030 Senate, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State of New Mexico, Fund 20030 Senate's basic financial statements, and have issued our report thereon dated November 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the State of New Mexico, Fund 20030 Senate'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, Fund 20030 Senate's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of New Mexico, Fund 20030 Senate's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of New Mexico, Fund 20030 Senate'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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weiner & Company, P.C.

Santa Fe, New Mexico
November 22, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal Control Over Financial Reporting:

Material weakness identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None noted

Status of Prior Year Audit Findings

Current Status

None

Section II - Financial Statement Findings (Current Year)

None

Section III - Other Matters as Required by New Mexico State Statute 12-6-5, NMSA 1978

None

Section IV - Exit Conference

An exit conference was held to discuss the audit report and current and prior year auditors' comments. The parties agreed to the factual accuracy of the comments contained herein.

In attendance on October 25, 2016 were the following individuals:

Representing the State of New Mexico, Fund 20030 Senate

Senator Mary Kay Papen, President Pro-Tempore
Angie Garcia, Senate Financial Officer
Raúl Burciaga, Director, Legislative Council Service
Kathy Pacheco-Dofflemeyer, Assistant Director for Administration, Legislative Council Service
Anesa Serna-Espinoza, Financial Assistant, Legislative Council Service

Representing Weiner & Company, P.C.

Sean S. Weiner, Managing Shareholder
Janet Pacheco-Morton, Principal
Omar Garcia, Staff Accountant
