

**STATE OF NEW MEXICO
Intertribal Ceremonial Office**

**Financial Statements and Schedules
With Independent Auditor's Report Thereon**

For the Fiscal Year Ended June 30, 2008

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**State of New Mexico
Intertribal Ceremonial Office**

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June 30, 2008

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State of New Mexico

Official Roster

June 30, 2008

Name

Title

Jeri Poletto

Executive Director

Board Members

Zonnie Gorman

Chairman

Tony Eriacho

Vice-Chairman

Flo Barton

Member

Louie Bonaguidi

Member

Mike Cerletti

Member

Marshall Plummer

Member

JOSEPH M. SALAZAR
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P.O. Box 1744
Espanola, New Mexico 87532
Phone/Fax 505-747-2775

Independent Auditor's Report

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico
And
Intertribal Ceremonial Office
Board Members
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the major fund, and the respective budgetary comparison of the State of New Mexico Intertribal Ceremonial Office (Office) as of and for the year ended June 30,2008 which collectively comprise the Office's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Office's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Office are intended to present the financial position and changes in financial position of only that portion of the governmental activities and major fund of the State that is attributable to the transactions of the Office. They do not purport to and do not present fairly the financial position of the entire State of New Mexico as of June 30,2008 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and the major fund of the Office as of June 30, 2008 and the respective changes in the financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2008 on our consideration of the Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquires of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis. However, we did not audit the information and express no opinion on it.

Joseph M. Salazar CPA
December 8, 2008

**State of New Mexico
Intertribal Ceremonial Office
Management's Discussion and Analysis
June 30, 2008**

As the financial management of the Intertribal Ceremonial Office (Office), we offer readers of the Office's financial statements this narrative overview and analysis of the financial activities of the Office for the period ended June 30, 2008. Please read in conjunction with financial statements and notes to the financial statements.

Management's Discussion and Analysis (MD&A) is required supplementary information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments Issued in June 1999. Certain comparative information between the current year (2008) and the prior year (2007) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Costs for FY 08 as compared to FY resulted in an increase of \$77,659. This was due to a Director being hired and increases in the other cost category specifically advertising. Net assets decreased by \$36,292 due to fund balance being used to fund a portion of the additional cost.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of two parts – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the Office.

The first two statements are government-wide financial statements that provide both long – term and short – term information about the Office's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Office government. The governmental funds statements tell how the general government service of Culture and Recreation was financed in the short term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with supporting schedules. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government – Wide Statements

The government – wide statements report information about the Office as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Office’s net assets and how they have changed. Net assets, the difference between the Office’s assets and liabilities, is one way to measure the Office’s financial health or position. Over time, increases or decreases in the Office’s net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The Office has only one activity - Culture and Recreation- which is a governmental activity. The Office does not have any business-type activities or any component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the Office’s significant governmental fund - not the Office as a whole. Funds are accounting devices that the Office uses to keep track of specific sources of funding and spending for particular purposes.

The Office has a governmental fund. All of the Office’s basic services are included in this fund which focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balance left at year-end that is available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Office’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

Financial Analysis of the Office as a Whole

Condensed financial information of the current year results is as follows:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Current and other assets	<u>85,188</u>	<u>\$118,442</u>
Total assets	<u>85,188</u>	<u>118,442</u>
Current liabilities	<u>14,178</u>	<u>12,475</u>
Total liabilities	14,178	12,475
Net assets		
Unrestricted	<u>71,010</u>	<u>105,967</u>
Total net assets	<u>71,010</u>	<u>105,967</u>

Program expenses		
Culture and Recreation	194,192	<u>116,533</u>
Excess (Deficiency) of revenue over expenditure	(194,192)	(116,533)
General revenue and transfers	<u>157,900</u>	<u>222,500</u>
Change in net assets	(36,292)	105,967
Beginning net assets	105,967	-
Ending net assets	<u>71,010</u>	<u>105,967</u>
Overall Financial Position		

The Office receives state general fund appropriation for planning, administration and for program services. The Intertribal Ceremonial Office is a non-reverting fund, allowing the administration to increase its budget as appropriate with the approval of the Department of Finance and the Legislative Finance Committee. Overall the budget and fund balance is at appropriate levels to continue the services of the Intertribal Ceremonial Office and its continuation as a viable entity of the State of New Mexico.

Analysis of Balances and Transactions

The Office does not have any other commitments or other limitations that affect the availability of fund resources for future use. General Fund revenue received from the State of New Mexico to fund administration and program services. This also results in no change to the financial position of the Office.

Budget Results

The final approved budget increased due to a full time Director being hired and advertising costs increases. The budget increases were funded from cash balances. Budget transfers were made within categories of Personal Services, Contractual Services and Other Costs.

Future Events

In FY 09, the agency requested budget authority of \$177,900. Due to uncertainty in state revenues the Office, per state instructions submitted a flat budget request for fiscal year 2009. However, in FY 09 the budget authority granted and received was \$182,200, the increase was a result of legislatively mandated compensation package increase that resulted in an increase in the personal services category.

REQUEST FOR INFORMATION

The purpose of this financial report is to provide the general public and other interested parties with a general overview of this agency's finances and accountability of funds. Questions concerning this report or requests for additional information should be addressed to the Executive Director of the Inter-Tribal Ceremonial 202 West Coal Avenue, Gallup, New Mexico 87301.

**STATE OF NEW MEXICO
 INTERTRIBAL CEREMONIAL OFFICE
 STATEMENT OF NET ASSETS
 June 30,2008**

Exhibit 1

	Governmental Activities
ASSETS	
Current	
Investment deposited with state treasurer	\$85,188
Total current assets	85,188
Total assets	\$85,188
 LIABILITIES	
Current liabilities	
Accounts payable	\$5,064
Accrued payroll	4,657
Compensated absences-current	4,457
Total current liabilities	14,178
 NET ASSETS	
Unrestricted	71,010
Total net assets	71,010
Total liabilities and net assets	\$85,188

The accompanying notes are an integral part of the financial statements

**STATE OF NEW MEXICO
INTERTRIBAL CEREMONIAL OFFICE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008**

Exhibit 2

	Governmental Activities
Expenses:	
Culture and recreation	\$192,857
Total program expenses	<u>192,857</u>
General revenues and transfers:	
State general fund appropriation	157,900
Total general revenues and transfers	<u>157,900</u>
Changes in net assets	<u>(34,957)</u>
Net assets-beginning of year	<u>105,967</u>
Net assets -ending of year	<u><u>\$71,010</u></u>

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

**STATE OF NEW MEXICO
INTERTRIBAL CEREMONIAL OFFICE
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30,2008**

Exhibit 3

ASSETS	General Fund
Investment on deposit with the state treasurer	<u>\$85,188</u>
Total assets	<u><u>\$85,188</u></u>
 LIABILITIES AND FUND BALANCES 	
Liabilities	
Account payable	\$5,064
Accrued payroll	<u>4,657</u>
Total Liabilities	<u>9,721</u>
 Fund Balances	
Unreserved	<u>75,467</u>
Total Liabilities and Fund Balances	<u><u>\$85,188</u></u>

The accompanying notes are an integral part of the financial statement

**STATE OF NEW MEXICO
INTERTRIBAL CEREMONIAL OFFICE
RECONCILIATION OF GOVERNMENTAL FUNDS-BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

Total fund balances for governmental funds	\$75,467
Amounts reported for governmental activities in the statement of net assets are different because:	
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Compensated absences	
Total liabilities	<u>(4,457)</u>
Net Assets of Governmental Activities	<u>\$ 71,010</u>

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

STATE OF NEW MEXICO
INTERTRIBAL CEREMONIAL OFFICE
STATEMENT REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

Exhibit 5

	General Fund
EXPENDITURES	
Current	
Culture and recreation	\$ 189,735
Total Expenditures	<u>189,735</u>
 Excess (Deficiency) of Revenue over Expenditures	 (189,735)
OTHER FINANCING SOURCES (USES)	
Transfer in:	
State appropriation-regular	155,000
State appropriation-compensation package	<u>2,900</u>
Total other Financing Sources (Uses)	<u>157,900</u>
 Net Changes in Fund Balance	 (31,835)
 Fund Balances-Beginning of Year	 107,302
 Fund Balance-End of Year	 <u><u>\$ 75,467</u></u>

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

**STATE OF NEW MEXICO
INTERTRIBAL CEREMONIAL OFFICE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2008

Net change in fund balance – total governmental funds	\$(31,835)
Amounts reported for governmental activities in the statement of activities are different because:	
Expenses recognized in the Statement of Activities.	
Not reported in governmental funds- Increase in compensated absences	<u>(3,122)</u>
Changes in Net Assets of Governmental Activities	<u>\$ (34,957)</u>

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

STATE OF NEW MEXICO **Exhibit 7**
INTERTRIBAL CEREMONIAL OFFICE
STATEMENT OF REVENUES AND EXPENDITURES- BUDGET AND ACTUAL
General Fund
For Year Ended June 30, 2008

	GENERAL FUND			
	Budget Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
General fund appropriation	\$ 155,000	\$ 155,000	\$ 155,000	-
Other financing sources	2,900	2,900	2,900	-
Fund balance	20,000	50,000	50,000	-
Total revenues	\$ 177,900	\$ 207,900	\$ 207,900	-
Expenditures				
Personal services & employee benefit	\$ 104,900	\$ 104,900	\$ 102,704	\$ 2,196
Contractual services	63,000	4,000	3,182	818
Other costs	10,000	99,000	83,263	15,737
Total expenditures	\$ 177,900	\$ 207,900	\$ 189,149	\$ 18,751

The accompanying notes are an integral part of the financial statements

Notes to Financial Statements

**State of New Mexico
Intertribal Ceremonial Office
Notes to Financial Statements
June 30, 2008**

(1) Organization and Summary of Significant Accounting Policies

The State of New Mexico Inter-Tribal Ceremonial Office (Office) was created by Chapter 9 Article 15C NMSA 1978. The Office is administratively attached to the New Mexico Tourism Department. The purpose of the Office is to:

- A. Administer an annual intertribal ceremonial;
- B. Cooperate with and assist public and private entities that seek to promote recognition of ceremonies significant to Indian tribes and pueblos;
- C. Function as the coordinating office for all services and activities pertaining to the intertribal ceremonial;
- D. Adopt rules in accordance with the State Rules Act (14-4-1 NMSA 1978) to carry out the duties of the office
- E. Accept gifts, grants, donations, bequests and devises from any source to be used to carry out its duties;
- F. Enter into contracts; and
- G. Charge admission, parking and concession fees, give prizes and premiums, create sponsorship and other forms of advertising, arrange entertainment and do all things the office may consider proper for the conduct of the intertribal ceremonial and not otherwise prohibited by law.

The intertribal ceremonial board is created by NMSA Section 9-15C-3(E) The board shall consist of eight members including the director, who shall serve ex officio, the secretary of the department of tourism or the secretary's designated representative and six members appointed by the governor, who shall serve terms of five years each; provided that the governor's first appointments shall be made of two board members for one year terms, two for two years terms, one for three year term and one for a four year term. All intertribal ceremonial board members shall be bona fide residents of the state, and at least a majority of the members shall be Native Americans. A board member shall not be removed during the term of office except for cause, following notice and opportunity for a hearing.

The director of the Intertribal Ceremonial Office is appointed by the Governor of the State of New Mexico. The director serves at the pleasure of the governor. The director shall hire and terminate other necessary employees, who shall be subject to the provisions of the Personnel Act 10-9-1 NMSA 1978.

**State of New Mexico
Intertribal Ceremonial Office
Notes to Financial Statements
June 30, 2008**

(1) Organization and Summary of Significant Accounting Policies Continued

The annual Intertribal Ceremonial event is administered, promoted and produced with the assistance of Gallup Inter-tribal Indian Ceremonial Association Inc., Intertribal Ceremonial Office, Governor's Ceremonial Board and the New Mexico Tourism Department.

The accounting policies of the Office conform to generally accepted accounting principles as applicable to governmental units. A summary of the Office's significant accounting policies follows.

Financial Reporting Entity

The financial reporting entity as defined by GASB Statement 14 consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

The Intertribal Ceremonial Office is a component unit of the State of New Mexico and these financial statements include all funds and activities over which the Office has oversight responsibility. The Office is part of the primary government of the State of New Mexico and its financial data of the State. However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government. The Office has decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters, The Office has no component units that are required to be reported in its financial statements. The Intertribal Ceremonial Office is administratively attached to the Tourism Department.

The Office applies Government Accounting Standards Board (GASB) pronouncements as well as relevant pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB Pronouncements.

The accounting policies of the Intertribal Ceremonial conform to generally accepted accounting principles (GAAP) as applicable to governments. A summary of the Office's significant accounting policies follow:

State of New Mexico
Intertribal Ceremonial Office
Notes to Financial Statements
June 30, 2008

(1) **Organization and Summary of Significant Accounting Policies (continued)**

A. Basis of Accounting-GASB Statement No. 34

The basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental activities.

B. Basis of Presentation-Fund Accounting

Government –Wide Financial Statements

The statement of net assets and the statement of activities display information about the Office, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. The Office has no business-type activities; therefore these statements only reflect governmental activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

The government-wide statements are prepared using the “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB 33. Grant revenue is recorded when all applicable eligibility or reimbursement requirements are met.

Fund Financial Statements

The governmental fund financial statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days in order to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

**State of New Mexico
Intertribal Ceremonial Office
Notes to Financial Statements
June 30, 2008**

(1) Organization and Summary of Significant Accounting Policies (continued)

This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Office's actual experience conforms to the budget and fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is presented on the page following each fund statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the government-wide presentation.

The accounts of the Office are organized on a fund basis, 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, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The following fund types are used by the Office:

Governmental Funds

General Funds (SHARES Fund 82900):

The General Fund is the general operating fund of the Office. It is used to account for all financial resources except those required to be accounted for in another fund.

The Fund is created by New Mexico State Statute 9-15C-4. The "intertribal ceremonial fund" is created in the state treasury. Money appropriated to the fund or accruing to it through sales, gifts, grants, fees, penalties, bequests or any other source shall be delivered to the state treasurer and deposited in the fund. Money in the fund is appropriated to the Office for the purpose of carrying out the intertribal ceremonial. Money in the fund at the end any fiscal year shall not revert. Interest and earnings from the fund shall credited to the fund. Disbursements from the fund shall be made on warrant drawn by the secretary of finance and administration pursuant to vouchers signed by the director or the director's authorized representative..

C. Assets, Liabilities and Equity

The Office has no capital assets

State of New Mexico
Intertribal Ceremonial Office
Notes to Financial Statements
June 30, 2008

(1) **Organization and Summary of Significant Accounting Policies** (continued)

C. **Assets, Liabilities and Equity** (continued)

Long-Term Liabilities

Compensated Absences

The Office's policies regarding annual leave permits employees to accumulate earned but unused annual leave. The liability for these compensated absences is recorded as current liabilities in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources.

Fund Balance

Government Wide-Statements

Fund balance is classified as net assets and displayed in three component units:

1. Invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The Office has no outstanding debt relating to capital assets.
2. Restricted net assets consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments: or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reservations of fund balance are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

**State of New Mexico
Intertribal Ceremonial Office
Notes to Financial Statements
June 30, 2008**

(1) **Organization and Summary of Significant Accounting Policies** (continued)

D. Budgetary Procedures and Budgetary Accounting

The State Legislature makes annual appropriations to the Office. Legal compliance is monitored through the establishment of a budget and a financial control system which permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the appropriation level.

Budgeted category amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriation Act. The budget amounts shown in the financial statements are the final authorized amounts as legally revised during the year.

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

- (1) No later than September 1, the Office submits to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
- (2) Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committee. The final outcome of those hearings is incorporated into the state's General Appropriation Act.
- (3) The act is signed into Law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
- (4) The budget for the governmental funds is adopted on a basis consistent with generally accepted accounting principles (GAAP) and 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 (Section 6-10-4 NMSA 1978), that must be paid out of the next year's budget. Under the modified accrual basis of accounting, encumbrances are excluded from budgeted expenditures. Budgetary comparisons presented for these funds in this report are on that basis.

**State of New Mexico
Intertribal Ceremonial Office
Notes to Financial Statements
June 30, 2008**

(1) **Organization and Summary of Significant Accounting Policies (continued)**

D. Budgetary Procedures and Budgetary Accounting (continued)

- (5) The Office submits, not later than May 1, to DFA an annual operating budget by appropriation unit and object code based upon the appropriation made by the Legislature. The DFA-Budget Division reviews and approves the opening budget which becomes effective on July 1. All subsequent budgetary adjustment must be approved by the Director of the DFA-Budget Division.
- (6) Legal budgetary control for expenditures and encumbrances is by appropriation unit.
- (7) Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
- (8) Appropriations lapse at the end of the fiscal year.
- (9) The Office's budget for the fiscal year ending June 30, 2007 was amended in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose during the fiscal year. Individual amendments were not material in relation to the original budget.

E. Compensated Absences Payable

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment for 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semiannual period.

Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate. Accrued vacation and sick leave pay expected to be liquidated with current financial resources, if any, is recorded as a liability and as expenditure in the General Fund.

**State of New Mexico
Intertribal Ceremonial
Notes to Financial Statements
June 30, 2008**

(1) **Organization and Summary of Significant Accounting Policies** (continued)

E. Compensated Absences Payable

Qualified employees accumulate annual leave to a maximum of 240 hours as follow:

<u>Years Of Service</u>	<u>Hours Earned Per Pay Period</u>
Less than 3 years	3.08 hours
3 but less than 7 years	3.69 hours
7 but less than 11 years	4.61 hours
11 but less than 15 years	5.54 hours
15 years or more	6.15 hours

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employment terminates, they are compensated for accumulated unpaid annual leave as of the date of termination up to the maximum of 240 hours.

F. Use of Estimates

Management uses estimate and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Accordingly, actual results could differ from those estimates

G. Program Revenues

The Office does not have Program revenue or grant revenue.

H. Expenditures

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Office first uses restricted resources then unrestricted resources.

**State of New Mexico
Intertribal Ceremonial Office
Notes to Financial Statements
June 30, 2008**

(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER

All cash of the Office is on deposit with the New Mexico State Treasurer. These monies are held on deposit with the State Treasurer and are pooled and invested by the State Treasurer. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits. Cash on deposit with the State Treasurer at year end is as follows:

<u>Fund</u>	<u>SHARES</u> <u>Fund #</u>	<u>Book</u> <u>Balance</u>
Operating account	82900	\$85,188

The Office has cash on deposit with the State Treasurer in the General Fund Investment Pool (GFIP). The State Treasurer has the authority to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Section 6-10-10.I through O NMSA 1978 as amended. The State Treasurer, with the advice and consent of the state board of finance can invest money held in demand deposits and not immediately needed for the operations of state government in:

- (a) Securities issued by the United States (U.S.) government or by its departments or agencies that are either direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government.
- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in the case of bond proceeds, not to exceed three years, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States or its agencies or by other securities backed by the United States or its agencies or instrumentalities having a market value of at least one hundred two percent of the amount of the contract. The securities required as collateral shall be delivered to a third-party custodian bank and delivery shall be made simultaneously with the transfer, no later than the same day the funds are transferred. The contracting bank, brokerage firm or institutional investor must have a net worth in excess of five hundred million dollars.

State of New Mexico
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Notes to Financial Statements
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(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER (continued)

- (c) Contracts for the temporary exchange of state owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or cash equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. The collateral required shall be delivered to the fiscal agent of New Mexico or the designee simultaneously with the transfer of funds, no later than the same day the state-owned securities are transferred. The contracting bank, brokerage firm or institutional investor must have a net worth in excess of five hundred million dollars.
- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the state treasurer invests: (1) commercial paper rated “prime” quality by a national rating service, issued by corporations organized and operating within the U.S.; (2) medium-term notes and corporate notes with a maturity not exceeding five years that are rated A or its equivalent or better by a nationally recognized rating service and that are issued by a corporation organized and operating in the U.S.; or (3) an asset-backed obligation with a maturity not exceeding five years that is rated AAA or its equivalents by a nationally recognized rating service.
- (e) Shares of an open-ended diversified investment company that is registered with the United States securities and exchange commission, complies with the diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, or the United States securities and exchange commission applicable to money market mutual funds; and assesses no fees pursuant to Rule 12b-1, or any successor rule, on sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, provided that the state shall not, at any time, own more than five percent of a money market mutual fund’s assets.
- (f) Individual common or collective trust funds of banks or trust companies that invest in U.S, fixed income securities or debt instruments authorized pursuant to (a), (b), and (d) above, provided that the investment manager has assets under management of at least one billion dollars and the investments made by the state treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

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(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER (continued)

Public funds to be invested in negotiable securities or loans to financial institutions fully secured by negotiable securities at current market value shall not be paid out unless there is a contemporaneous transfer of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis either by physical delivery or, in the case of uncertificated securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser.

For additional disclosures information regarding the investment in the State Treasurer's GFIP, the reader should see the separate audit report for the State Treasurer's for the fiscal year ended June 30, 2007, review the State Treasurer's Investment Policy at and review Sections 2.60.4.1 through 2.60.4.15 of the New Mexico Administrative Code, regarding Investment of Deposits of Public Funds Depository Bank Requirements, Collateral Level Requirements and Custodial Bank Requirements.

(3) Accounts Payable

Accounts payable represent expenditures for goods and services received prior to June 30, 2008 and paid after June 30.

(4) Accrued Liabilities-Salaries and Employee Benefits Payable

A portion of payroll expenditures pertaining to the year ended June 30, 2008 was accrued. Disbursement occurred subsequent to June 30, 2008. Accrued payroll and benefits payable totaling \$4,657 have been reflected in the balance sheet.

(5) Compensated Absences Payable

A summary of changes in Compensated Absences Payable follows:

	Balance			Due	
	<u>June 30, 2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>	<u>Within</u>
				<u>June 30, 2008</u>	<u>One Year</u>
Compensated absences	<u>\$1,355</u>	<u>\$ 4,372</u>	<u>\$1,270</u>	<u>\$4,457</u>	<u>\$4,457</u>

The Office's general fund is used to pay compensated absences.

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(6) Commitments-Operating Leases

The Office had no capital or operating leases in effect during the fiscal year.

(8) PERA Retirement Plan

Plan Description. Substantially all of the Office's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy Plan members are required to contribute 7.42% of their gross salary. The Office is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Office are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Office's contributions to PERA for the fiscal years ending June 30, 2008 and 2007 were \$12,005 and \$2,871, respectively, which equal the amount of the required contributions for each fiscal year.

(9) Deferred Compensations

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all State employees and those local government and school district employees whose employers have elected participation in the plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

There are employees that are making contributions to a Deferred Compensation Plan. Neither the Office nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants by the Office have been paid to the New Mexico Public Employee's Retirement Association, which administers the plan.

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June 30, 2008

10) Post-Employment Benefits

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

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

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

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

**State of New Mexico
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Notes to Financial Statements
June 30, 2008**

10) Post-Employment Benefits Continued

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The Office's contributions to the RHCA for the years ended June 30, 2008 and 2007 were \$941 and \$255, respectively, which equal the required contributions for each year.

(11) Risk Management

The Inter-Tribal Ceremonial is exposed to various risks of loss. The Office carries insurance with the Risk Management Division of New Mexico General Services Department. Coverage is provided for General Liability, Surety Bond, Property and Workers Compensation.

**State of New Mexico
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June 30, 2008**

(12) Operating Transfers

The Office had operating transfers from the Department of Finance and Administration for the State General Fund Appropriation Laws of 2007 Chapter 28 Section 4 and 8 totaling \$157,900 from shares fund # 85300 to the Office's shares fund #82900.

(13) Budgetary/GAAP Financial Statement Reconciliation

The Office generally reports budgetary information on the modified accrual basis of accounting as described in footnote (1) D. However, there is a difference in expenditures between the budget statement and the statement of Revenue and Expenditures. The following presentation reconciles the differences:

	General Fund
Expenditures-budgetary statement- Exhibit 7	\$189,149
Accounts payable approved by DFA to be paid in 2009 and charged to the 2009 budget	818
Prior year accounts payable approved by DFA to be paid in 2008 and charged to the 2008 budget	<u>(232)</u>
Expenditures-GAAP basis statement- Exhibit 5	<u>\$189,735</u>

SUPPLEMENTARY INFORMATION

JOSEPH M. SALAZAR
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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*

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico
and
Office and Board Members
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, major fund, and the respective budgetary comparison for the general fund of the State of New Mexico, Intertribal Ceremonial Office (Office) as of and for the year ended June 30, 2008 which collectively comprise the Office's basic financial statements and have issued our report thereon dated December 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Office's financial statements that is more than inconsequential will not be prevented or detected by the Office's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Office's internal control.

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

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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".

We noted certain matters that are required to be reported under *Government Auditing Standards* January 2007 Revision paragraph 5.14 and 5.16 Section 12-6-5 NMSA 1978 which are described in the accompanying schedule of audit finding and responses as items 07-1.

The Office's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Office's response and, accordingly, we express no opinion on it.

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

Joseph M. Salazar, CPA
December 8, 2008

State of New Mexico
Intertribal Ceremonial Office
Schedule of Audit Findings and Responses
June 30, 2008

7-01 Related Party of the New Mexico Intertribal Ceremonial Office and Gallup Inter-Tribal Indian Ceremonial Association Inc.

Condition

The Gallup Inter-Tribal Indian Ceremonial Association Inc (Non-profit), Governor's Intertribal Ceremonial Board, New Mexico Intertribal Ceremonial Office and the Tourism Department state entities assist to administer, promote, and produce the annual ceremonial event. It was noted during our audit that the Gallup Inter-Tribal Indian Ceremonial Association Inc. (a non-profit) is performing the functions of charging admissions, parking, and concession fees, giving prizes and premiums. Also, the Gallup Inter-Tribal Indian Ceremonial Association Inc and the New Mexico Intertribal Ceremonial Office do not have a written agreement concerning this function.

Criteria

New Mexico State Statute Section 9-15C-3D(7) requires that the New Mexico Intertribal Ceremonial Office shall charge admissions, parking and concessions fees, give prizes and premiums, create sponsorships and other forms of advertising, arrange entertainment and do all things the office may consider proper for the conduct of the intertribal ceremonial and not otherwise prohibited by law .

Effect

Without a written agreement, the related parties do not have a clear understanding as to what are the functions of the different entities.

Cause

The Gallup Inter-Tribal Indian Ceremonial Association Inc. was performing all the duties prior to the creation of the New Mexico Intertribal Ceremonial Office.

Recommendation

Recommend that the New Mexico Intertribal Ceremonial Office comply with state statute pertaining to the functions of the Office or have a written agreement with the non-profit Gallup Inter-Tribal Indian Ceremonial Association Inc delegating their function to the non-profit with specific requirements in the agreement to ensure that the collection and disbursement of monies is monitored and reviewed to adequately safe guard such assets.

**State of New Mexico
Intertribal Ceremonial Office
Schedule of Audit Findings and Responses
June 30, 2008**

Response

The Gallup Inter-Tribal Indian Ceremonial Association Inc. (Non-profit) and the New Mexico Intertribal Ceremonial Office is in the process of having legal council review and make recommendations regarding the written agreement between the Association and the New Mexico Intertribal Ceremonial Office .Special emphasis will be on safeguarding assets specifically the responsibility of cash disbursements and collections and will require the New Mexico Tourism Secretary signature as the overseeing agency of the New Mexico Ceremonial Office.

Financial Statement Preparation

The financial statements, notes to the financial statements and schedule were prepared by the independent certified public accountant performing the audit. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance. Management has the knowledge and experience to prepare, review and approve financial statements. Management has reviewed and approved the financial statements, notes to the financial statements and schedule.

Prior year audit findings

7-01 Related Party of the New Mexico Intertribal Ceremonial Office and Gallup Inter-Tribal Indian Ceremonial Association Inc. Repeated

7-02 Late Audit Report –Resolved

**State of New Mexico
Intertribal Ceremonial Office
Exit Conference
June 30, 2008**

The contents of this report were discussed at an exit conference on December 8, 2008. Those attending were as follows:

Craig Swagerty, Deputy Secretary, Tourism Department

Marcos Tapia, Chief Financial Officer

Louise Apodaca, Accountant/ Auditor

Independent Auditor

Joseph M. Salazar CPA