

**COMMONWEALTH OF MASSACHUSETTS
SENATE**

**STATEMENT OF AVAILABLE RESOURCES AND
EXPENDITURES - STATUTORY BASIS -
AND ADDITIONAL INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

COMMONWEALTH OF MASSACHUSETTS
SENATE

STATEMENT OF AVAILABLE RESOURCES AND EXPENDITURES -
STATUTORY BASIS - AND ADDITIONAL INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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Independent Auditors' Report

To the Honorable President of the Senate
Commonwealth of Massachusetts

Report on the Financial Statement

We have audited the accompanying statement of available resources and expenditures – statutory basis (financial statement) of the Commonwealth of Massachusetts' Senate (Senate) for the fiscal year ended June 30, 2014 and the related notes to the financial statement, as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the statutory basis of accounting, described in Note 2; this includes determining that the statutory basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the results of operations of the Senate for the fiscal year ended June 30, 2014, in conformity with the statutory basis of accounting.

Emphasis of a Matter - Basis of Accounting

As described in Note 2, the financial statement is prepared on the statutory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement of the Senate. The combining schedule of available resources and expenditures – statutory basis is presented for purposes of additional analysis and is not a required part of the financial statement. The combining schedule of available resources and expenditures – statutory basis is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2015, on our consideration of the 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 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 Senate's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
August 20, 2015

COMMONWEALTH OF MASSACHUSETTS SENATE
STATEMENT OF AVAILABLE RESOURCES AND EXPENDITURES-
STATUTORY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

AVAILABLE RESOURCES

Appropriations..... \$ 21,346,284

EXPENDITURES

Expenditures..... 17,377,142

BALANCE FORWARD TO FISCAL YEAR 2015..... \$ 3,969,142

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

COMMONWEALTH OF MASSACHUSETTS SENATE
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

NOTE 1 - ORGANIZATION

The Commonwealth of Massachusetts has a dual chamber legislature known as the General Court. The upper body of the General Court is the Senate, composed of 40 members and the lower body, the House of Representatives (House), consists of 160 members. Members are elected to a two-year term and have the responsibility of electing a presiding officer. The Senate is led by the Senate President and the House by the Speaker of the House.

Each chamber has its own procedural rules to govern activity within the chamber, as well as joint rules to govern the progress of bills. Bills enacted by the General Court become Acts or Resolves. Acts are considered to have a general effect and usually amend the state's code of law, the Massachusetts General Laws. Bills that have a limited impact are known as resolves. The laws passed by each legislative session in Massachusetts are published as the Acts and Resolves.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation and Accounting

The accompanying financial statement presents the total resources available and the total expenditures of the operating accounts of the Senate.

In accordance with Section 8 of Chapter 7A of the Massachusetts General Laws, the financial operations for all funds of the Senate are reported to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, the Massachusetts Management Accounting and Reporting System (MMARS). The Comptroller maintains the accounting records for the Senate and those of most other state departments and agencies. The accounting system utilized is a statutory or budgetary system that differs from generally accepted accounting principles (GAAP). Set forth below is the principal accounting policy of the Commonwealth of Massachusetts that relates to the preparation of the accompanying financial statement, which is not in accordance with GAAP.

Available resources consist of the current year general appropriation and the unexpended balances of available funds brought forward from the prior fiscal year. Each year, the Senate and the House appropriate resources for the various bureaus, commissions, departments, boards and institutions of state government, including the general appropriations for the Senate. As part of the budgetary process and as provided for in the Massachusetts General Laws, the unexpended balances of available resources are evaluated on the basis of planned programs or commitments that have not yet been completed and are either brought forward to be available for such programs and commitments or revert back to the general fund of the Commonwealth of Massachusetts.

Expenditures represent payments for the purchase of goods and services, including payroll, operating expenses, equipment and certain fixtures of the Senate. In addition, total expenditures include encumbrances outstanding at year-end for goods or services received on or before June 30 but were paid subsequent to that date and before September 1. This differs from GAAP, whereby expenditures are recorded when the obligation for goods and services is incurred.

B. Income Tax Status

The Senate is a governmental function of the Commonwealth and is exempt from Federal income tax under Section 115 of the Internal Revenue Code.

COMMONWEALTH OF MASSACHUSETTS SENATE
 COMBINING SCHEDULE OF AVAILABLE RESOURCES AND EXPENDITURES-
 STATUTORY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Budgetary Accounts - Senate Operations:

	APPROPRIATION		
	<u>9500-0000</u>	<u>9510-0000</u>	<u>Total</u>
Funds appropriated for fiscal year 2014 budget.....	\$ 18,746,058	\$ -	\$ 18,746,058
Balance forward from fiscal year 2013.....	<u>1,479,965</u>	<u>1,120,261</u>	<u>2,600,226</u>
Total available resources.....	20,226,023	1,120,261	21,346,284
Total expenditures.....	<u>17,377,142</u>	<u>-</u>	<u>17,377,142</u>
Balance forward to fiscal year 2015.....	<u>\$ 2,848,881</u>	<u>\$ 1,120,261</u>	<u>\$ 3,969,142</u>