STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT THEREON

For the Fiscal Year Ended June 30, 2019

State of New Mexico
Legislative Finance Committee

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June 30, 2019

STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE
OFFICIAL ROSTER
JUNE 30, 2019

Committee Members

Senator John Arthur Smith	Chair
Representative Patricia A. Lundstrom	Vice Chair
Representative Gail Armstrong	Member
Senator William F. Burt	Member
Senator Pete Campos	Member
Senator Randal S. Crowder	Member
Representative Roberto “Bobby” J. Gonzales	Member
Representative Jason C. Harper	Member
Representative Rodolpho “Rudy” S. Martinez	Member
Representative Javier Martinez	Member
Senator George K. Munoz	Member
Senator Steven P. Neville	Member
Senator Clemente “Meme” Sanchez	Member
Representative Candie G. Sweetser	Member
Senator James P. White	Member

Administrative

David Abbey	Director
Charles Sallee (Budget)	Deputy Director
Jon Courtney (Program Evaluation)	Deputy Director
Jeannae L. Leger	Administrator

BALDWIN
ACCOUNTING & CONSULTING, LLC

Lee A. Baldwin, CPA, CFE, CGFM
Accounting Director
Your Trusted Advisor

Independent Auditor's Report

Mr. Brian Colón
New Mexico State Auditor Santa Fe, New Mexico
And
Legislative Finance Committee Committee Members
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the respective budgetary comparison for the general fund of the State of New Mexico Legislative Finance Committee (Committee) as of and for the year ended June 30, 2019 and the related notes to the financial statements which collectively comprise the Committee's basic financial statements as listed in the table of contents.

Management Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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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 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 Committee as of June 30, 2019 and the respective changes in the financial position thereof and the respective 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 Matters

As discussed in Note 1, the financial statements of the Committee are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major fund and budgetary comparison of the State of New Mexico that is attributable to the Committee. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2019, and the changes in it financial position and budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements, such information although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purposes of forming opinions on the Committee's financial statements, the fund financial statements, and the budgetary comparisons. The other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 27, 2019 on our consideration of the Committee'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* in considering the Committee's internal control over financial reporting and compliance.

Baldwin Accounting & Consulting, LLC

Baldwin Accounting & Consulting, LLC
Albuquerque, NM
September 27, 2019

MANAGEMENT DISCUSSION & ANALYSIS

The Legislative Finance Committee is a single purpose government with only one fund, the (General Fund). The accompanying Government Wide financial statements differ from the Fund financial statements by reporting capital assets, related depreciation, and long-term debt. The fund financial statements have a narrower focus than that of the government wide financial statements. The reader will better understand the long-term impact of the Committee's near-term financing decisions with the following reports.

Government Wide Financial Statements

The government wide financial statements are designed to focus on the primary government as a whole. They are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements, in their consolidation of all government activities into a single column, are designed to mimic corporate financial statements. The Statement of Net Position, like a corporate balance sheet, lists the Committee's assets, as well as the Committee's liabilities as of the end of the fiscal year.

The Statement of Activities, like a corporate income statement, details the Committee's revenues for the fiscal year as well as the costs and expenses associated in earning that revenue.

Fund Financial Statements

The Fund Financial Statements, whose focus is on major funds rather than fund types, presents a more familiar financial picture to users of government financial statements than do the government-wide statements. They are prepared on the modified accrual basis of accounting (see notes to the financial statements) and use the current financial resources measurement focus.

The fund Financial Statements also allow the government to address Committee funds. While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Accordingly, these particular assets are not presented as part of the Government-Wide Financial Statements.

Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred if measurable. They reflect capital asset acquisitions as expenditures rather than assets of the acquiring fund, no depreciation is recognized. Similarly, long term debt is not recognized in the fund financial statements.

Budgetary Comparisons

In addition to the MD&A, GASB 34 requires budgetary comparison schedules for the general fund and for each major special revenue fund. The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period, as well as the actual inflows, outflows and balances, stated on the government's budgetary basis.

The Statement of Revenues and Expenditures – Budget and Actual are also presented, pursuant to the requirements of the State Auditor and NMAC 2.2.2. The data therein demonstrates compliance at the approved budget level.

Government-Wide Financial Analysis

Statement of Net Position

ASSETS		Governmental Activities FY 2018		**Governmental Activities FY 2019**	Total Percentage Change FY 18-19
Current Assets					
Investment in SGFIP	$	174,237	**$**	**558,273**	220.4%
Prepaid expenses		42		**-**	-100.0%
Receivables		-		**431**	100.0%
Total current assets		174,279		**558,704**	220.6%
Noncurrent Assets					
Furniture, fixtures and equipment		43,161		**39,649**	-8.1%
Less accumulated depreciation		(43,161)		**(39,649)**	-8.1%
Total capital assets net of depreciation		-		-	
Total Assets	$	174,279	**$**	**558,704**	220.6%
LIABILITIES					
Current Liabilities					
Accounts payable	$	38,568	**$**	**34,899**	-9.5%
Due to state general fund		-		**-**	0.0%
Payroll taxes payable		27,673		**27,689**	0.1%
Payroll benefits payable		42,838		**40,114**	-6.4%
Accrued payroll		65,158		**66,960**	2.8%
Compensated absences - current		15,495		**15,578**	0.5%
Total current liabilities		189,732		**185,240**	-2.4%
Long-Term Liabilities					
Compensated absences - long-term		205,856		**206,964**	0.5%
Total Liabilities		395,588		**392,204**	-0.9%
NET POSITION					
Invested in capital assets		-		**-**	0.0%
Restricted for prepaid expenses		42		**-**	-100.0%
Unrestricted		(221,351)		**166,500**	-175.2%
		(221,309)		**166,500**	-175.2%
Total net position					
Total Liabilities and Net Position	$	174,279	**$**	**558,704**	220.6%

Statement of Activities

		Governmental Activities FY 2018		**Governmental Activities FY 2019**	Total Percentage Change FY 18-19
Expenses					
Current					
General government	$	4,065,409	**$**	**4,089,035**	0.6%
Depreciation		-		**-**	0.0%
Total Program Expenses		4,065,409		**4,089,035**	0.6%
Revenues					
Miscellaneous		-		**-**	0.0%
Net program expenses		4,065,409		**4,089,035**	0.6%
General Revenues and Transfers					
State general fund appropriation		4,100,300		**4,181,200**	2.0%
Special appropriations		-		**389,000**	100.0%
Reversions to state general fund		(41,126)		**(155,256)**	277.5%
Other Financing Sources		-		**61,900**	100.0%
Total General Revenues and Transfers		4,059,174		**4,476,844**	10.3%
Changes in net position		(6,235)		**387,809**	-6319.9%
Net position, beginning of year		(215,074)		**(221,309)**	2.9%
Net position, end of year	$	(221,309)	**$**	**166,500**	-175.2%

The Committee's Funds

Government Funds

As of June 30, 2019, the government funds (as presented on the balance sheet) reported a restricted fund balance of $214, of which relates to prepaid expenses and an unrestricted fund balance of $166,500, of which relates to a special appropriation.

Budgetary Highlights

The Legislative Finance was appropriated $4,181,200 in Laws 2018, Chapter 2, Section 5 (Feed Bill). An additional $61,900 was appropriated in Laws 2018, Chapter 73, Section 8 to fund compensation increases for staff. The overall FY19 operating budget increased by almost 3.5 percent compared with FY18.

The committee made two budget adjustment requests moving $156.5 thousand from personal services and employee benefits to increase contractual services by $106.5 thousand and other costs by $50 thousand. Two senior vacant analyst positions contributed to a large personnel vacancy savings which was used to pay contract staff to cover the analyst duties from pre-session to post-session. The committee also invested in renewing software licenses and office supplies after the 60 day session and covered increased printing costs.

Anticipated Changes

The Committee's general fund budget for FY20 is an increase of $246.4 thousand or nearly 6 percent compared to the FY19 general fund budget. In FY20, additional funding was appropriated to state agencies for compensation increases for staff as well as to fill a vacant analyst position.

The committee is in sound financial condition and returned $155.3 thousand to the state general fund for FY19. Expenditures during the fiscal year maximized efforts to serve members of the committee and the general public.

Financial Contact

The Committee's financial statements are designed to present users with the general overview of the Committee's finances and to demonstrate the Committee's accountability. If you have questions about the report or need additional financial information, contact the Committee's Chief Financial Officer at 325 Don Gaspar, Suite 101, Santa Fe, NM 87501.

Basic Financial Statements

STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit 1

		Governmental
ASSETS		**Activities**
Current Assets		
Investment in SGFIP	$	558,273
Receivables		431
Total current assets		558,704
Noncurrent Assets		
Furniture, fixtures and equipment		39,649
Less accumulated depreciation		(39,649)
Total capital assets net of depreciation		-
Total Assets	$	558,704
LIABILITIES		
Current Liabilities		
Accounts payable	$	34,899
Payroll taxes payable		27,689
Payroll benefits payable		40,114
Accrued payroll		66,960
Compensated absences - current		15,578
Total current liabilities		185,240
Long-Term Liabilities		
Compensated absences - long-term		206,964
Total Liabilities		392,204
NET POSITION		
Invested in capital assets		-
Unrestricted		166,500
Total net position		166,500
Total Liabilities and Net Position	$	558,704

The accompanying notes are an integral part of the financial statements

STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE
STATEMENT OF ACTIVITIES
JUNE 30, 2019

Exhibit 2

		Governmental Activities
Expenses		
Current		
General government	$	4,089,035
Depreciation		-
Total Program Expenses		4,089,035
Revenues		
Miscellaneous		-
Net program expenses		4,089,035
General Revenues and Transfers		
State general fund appropriation		4,181,200
Special appropriations		389,000
Reversions to state general fund		(155,256)
Other Financing Sources		61,900
Total General Revenues and Transfers		4,476,844
Changes in net position		387,809
Net position, beginning of year		(221,309)
Net position, end of year	$	166,500

STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019

Exhibit 3

		General Fund
ASSETS		
Investment in SGFIP	$	558,273
Receivables		431
Total Assets	$	558,704
LIABILITIES		
Accounts payable	$	34,899
Payroll taxes payable		27,689
Payroll benefits payable		40,114
Accrued payroll		66,960
Total Liabilities		169,662
FUND BALANCE		
Restricted for:		
Special Appropriation		389,000
Unassigned		42
Total Fund Balance		389,042
Total Liabilities and Fund Balance	$	558,704

The accompanying notes are an integral part of the financial statements

STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE
RECONCILIATION OF GOVERNMENTAL FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit 4

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	$	389,042
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		(39,649)
Accumulated depreciation		39,649
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds		
Compensated absences		(222,542)
Net position of governmental activities	$	166,500

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit 5

	General Fund
EXPENDITURES	
Current	
General government - legislative	4,087,844
Total Expenditures	4,087,844
Excess (Deficiency) of revenues over expenditures	(4,087,844)
OTHER FINANCING SOURCES (USES)	
Transfers out:	
Reversions to the State General Fund	(155,256)
Transfers in:	
State General Fund Appropriation	4,181,200
Special appropriations	389,000
Other Financing Sources	61,900
Total Other Financing Sources (Uses)	4,476,844
Net Changes in Fund Balance	389,000
Fund balance (deficit) at beginning of the year	42
Fund balance at end of the year	389,042

STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE
RECONCILIATION OF THE CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit 6

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	$	389,000
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:		
Capital outlay		
Depreciation expense		
Excess of depreciation expense over capital outlay		-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences at:		
June 30, 2018		221,351
June 30, 2019		(222,542)
Change in net position of governmental activities	$	387,809

The accompanying notes are an integral part of the financial statements

STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit 7

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	
Revenues:				
State general fund appropriation	$ 4,243,100	$ 4,243,100	$ 4,181,200	$ (61,900)
Special appropriations	-	-	389,000	389,000
Total revenues	4,243,100	4,243,100	4,570,200	327,100
Expenditures:				
Administrative Services				
Personnel services & employee benefits	3,687,100	3,530,600	3,409,211	121,389
Contractual services	260,800	367,300	345,653	21,647
Other costs	295,200	345,200	333,957	11,243
Total expenditures	4,243,100	4,243,100	4,088,821	154,279
Excess (deficiency) of revenues over expenditures	-	-	481,379	172,821
Other financing sources (uses):				
Other financing sources			61,900	
General fund reversion			(155,256)	
Net change in fund balance	-	-	$ 388,023	-

The accompanying notes are an integral part of the financial statements

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

Financial Reporting Entity

The Legislative Finance Committee (Committee) is a bipartisan, permanent interim committee of the legislature is comprised of sixteen members, eight from the House of Representatives and eight from the Senate. The Committee is governed by Section 2-5-1 through 2-5-7 NMSA, 1978. Those sections create the Committee as a permanent interim committee of the legislature and provides for the appointment of a director and staff to assist the Committee in its work.

The duties of the Committee are delineated in Section 2-5-3, 2-5-4 and 2-5-4.1 NMSA, 1978. Those sections provide that the committee shall:

A. Direct the director of the Committee in his work.

B. Examine the laws governing the finances and operations of departments, agencies and institutions of the state and all of its political subdivisions and the effect of laws on the proper functioning of these governmental units as related to the laws.

C. Recommend changes in the law if any are deemed desirable and draft and present to the legislature and legislation necessary.

D. Make a full report of its findings and recommendations for each legislature.

E. Annually review budgets and appropriation requests and the operations and management of selected state agencies, departments and institutions and make recommendations to the legislature.

F. Furnish a document of its budget recommendations to each member of the standing finance committee, the governor, department of finance and administration and other members of the legislature who request it.

G. Cooperate with the office of the governor, department of finance and administration, and taxation and revenue department in providing fiscal impact reports and other pertinent information concerning pending legislation.

(1) Summary of Significant Accounting Policies (Continued)

To carry out its duties, the Committee may hold hearings and require testimony from representatives of each state agency, department or institution. Section 2-5-7, NMSA, 1978, provides that the Committee has the power to administer oaths and the power to subpoena. Section 2-5-7 states that each agency or institution of the state and its political subdivisions shall, upon request, furnish such non-confidential documents, material or information as may be requested by the members, director or staff.

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

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 Legislative Finance Committee is a component unit of the State of New Mexico and these financial statements include all funds and activities over which the Committee has oversight responsibility. The Committee is part of the primary government of the State of New Mexico and its financial data of the State. The State of New Mexico will issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government. The Committee has decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters, The Committee has no component units that are required to be reported in its financial statements.

The Committee 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) unless these pronouncements conflict or contradict GASB Pronouncements.

(1) 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 position and the statement of activities display information about the Committee, 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 Committee 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.

(1) Basis of Presentation – Fund Accounting (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 Committee'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 Committee 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 Committee:

Governmental Funds

General Funds (SHARE Fund 13000):
The General Fund is the general operating fund of the Committee. It is used to account for all financial resources except those required to be accounted for in another fund. Any unencumbered balance remaining in the General Fund at the end of the year reverts to the General Fund of the State of New Mexico. The General Fund is funded primarily through State General Fund appropriations. The SHARE number and description is #13000 – Legislative Finance Committee.

C. Assets, Liabilities and Equity

Investments with the State Treasurer

The Committee's cash and cash equivalents are demand deposits with the State Treasurer.

Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid expenses. Prepaid expenses are offset by a fund balance reserve account which indicates that they do not constitute expendable available financial resources.

C. Assets, Liabilities and Equity (Continued)

Capital Assets

In the government-wide financial statements, furniture, fixtures and equipment is accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets with a value exceeding $5,000 and having a useful life in excess of one year are capitalized and depreciated. Any software acquired is also included in capital assets and depreciated.

New Mexico Laws of 2005, Chapter 237 Section 1 changed the capitalization threshold for movable chattel and equipment from items costing more than $1,000 to $5,000. Under this law, items in the capital asset inventory that do not meet the new capitalization threshold continue to be depreciated in future periods until they are fully depreciated. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment and Furniture	4-5 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Liabilities

Compensated Absences
The Committee'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.

C. Assets, Liabilities and Equity (Continued)

Deferred Outflows/Inflows of Resources

GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflows, which is the consumption of net position by the government which is applicable to a future reporting period and deferred inflow of resources, which is the acquisition of net position by the government which is applicable to a future reporting period. The Committee has no deferred outflows or inflows of resources at June 30, 2019.

Fund Balance

Government Wide-Statements

Fund balance is classified as net position 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 Committee has no outstanding debt relating to capital assets.

2. Restricted net position consists of net position 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. The Committee's policy is to apply restricted resources first when an expense is incurred for purposes for with both restricted and unrestricted net positions are available.

3. Unrestricted net position are all other net position 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 nonspendable, restricted, committed, assigned and unassigned depending on the constraints that control how the Committee can spend the amounts.

D. Budgetary Procedures and Budgetary Accounting

The State Legislature makes annual appropriations to the Committee. 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 Committee follows these procedures in establishing the budgetary data reflected in the financial statements:

(1) No later than September 1, the Committee submits to 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) The operating budget includes proposed expenditures and the means of financing them is approved by the Legislature of the State of New Mexico.

(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.

D. Budgetary Procedures and Budgetary Accounting (Continued)

(5) The Committee 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 devise during the fiscal year for the General Fund.

(8) Appropriations lapse at the end of the fiscal year.

(9) The Committee's budget for the fiscal year ending June 30, 2019 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. In the case of retirement, the maximum cash payment is limited to 320 hours. 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.

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

E. Compensated Absences Payable

Qualified employees accumulate annual leave as follow:

Years Of Service	Hours Earned Per Month
Less than 11 years	12 hours
11years but less than 15 years	14 hours
15 years and more	16 hours

There is no limit on the amount of annual leave that may be carried over from year to year. 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 Committee does not have Program revenue or grant revenue.

H. Expenditures

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

I. Recent GASB Pronouncements

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The requirements of this statement are effective for periods beginning after December 15, 2020. Earlier application is encouraged. This statement is not applicable for the Committee.

In August 2018, the GASB issued Statement No. 90, Majority Interests in an amendment of GASB Statements No. 14 and No. 6. The requirements of this statement are effective for periods beginning after December 15, 2018. Earlier application is encouraged. This statement is not applicable to the Committee.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. This statement is not applicable to the Committee.

In March 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement applies to notes to financial statements of all periods presented. This statement is not applicable to the Committee.

In June 2017, the GASB issued Statement No. 87, Leases. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. This standard will be implemented in a subsequent period.

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This statement is not applicable to the Committee.

In March 2017, the GASB issued Statement No. 85, Omnibus 2017. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. This statement is not applicable to the Committee.

I. Recent GASB Pronouncements (Continued)

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. This statement is not applicable to the Committee.

(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER

As provided for in Chapter 8-6 of the New Mexico Statutes Annotated 1978, the State Treasurer shall receive and keep all monies of the State except when otherwise provided and shall disburse the public money upon lawful warrants. The State Treasurer's Office (STO) acts as the State's bank. Agency cash receipts are deposited with STO and deposited in a State Investment Pool, when amounts are greater than immediate needs they are placed into short-term investments. When agencies make payments to vendors and employees they are made from this pool and their claims on the pool are reduced.

The comprehensive cash reconciliation model which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the STO is now in its fourth year. This process has been reviewed multiple times by the IPA's during the audits of the General Fund, the Department of Finance and Administration and State of New Mexico Comprehensive Annual Financial Report. The reviews have deemed the process to be sound and the Department of Finance and Administration fully compliant with the requirements of the monthly process. As of June 30, 2019, resources held in the pool were equivalent to the corresponding business unit claim on those resources. All claims as recorded in SHARE shall be honored at face value.

All cash of the Committee 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:

Fund	SHARE Fund #	Book Balance
Operating account	13000	$ 558,273

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

The Committee 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.

(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.

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

(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 that five percent of the assets of the individual, common or collective trust fund.

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.

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

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, 2019, 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, 2019 and paid after June 30.

(4) Accrued Payroll

A portion of payroll expenditures pertaining to the year ended June 30, 2019 was accrued. Disbursement occurred subsequent to June 30, 2019. Accrued payroll, taxes payable and benefits payable totaling $134,763 have been reflected in the balance sheet.

(5) Capital Assets

Governmental Activities

Capital assets activity for the year end June 30, 2019 was as follows:

Asset	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Furniture, fixtures, and equipment	$ 43,161	-	(3,512)	$ 39,649
Accumulated depreciation	(43,161)	-	3,512	(39,649)
Net capital assets	$ -	-	-	$ -

No current year depreciation expense charged to general government all capital assets fully depreciated.

(6) Compensated Absences Payable

A summary of changes in Compensated Absences Payable follows:

	Balance June 30, 2018	Increase	Decrease	Balance June 30, 2019	Due Within One Year
Compensated absences	$ 221,351	161,309	160,118	$ 222,542	$ 15,578

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

(7) Commitments-Operating Leases

The Committee maintained two operating leases. They include three printers/copier/scanners and a mailing machine lease. The copier lease beginning September 23, 2015 calls for 48 monthly payments of $743, $483 and $45 base lease plus usage in excess of contract amounts. The mailing machine lease begins on October 30, 2015 for 48 months calls for monthly payments of $135 which will be billed quarterly. The Committee paid $16,872 in rent of equipment during the year. The following are the cash requirements for the existing base leases.

	Mailing Machine	Printer/ Scanners Copiers	Total
2020	$ 405	5,084	$ 5,489

(8) PERA Retirement Plan

Plan Description. Substantially all of the Legislative Finance Committee'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 8.92% of their gross salary. The Legislative Finance Committee is required to contribute 16.59% of their gross covered salary. The contribution requirements of plan members and the Committee are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Committee's contributions to PERA for the fiscal years ending June 30, 2019, 2018 and 2017 were $419,118 and $433,187 and $406,911 respectively, which equal the amount of the required contributions for each fiscal year.

(8) PERA Retirement Plan (Continued)

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions,* the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2019.

The Committee as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued from the Office of State Controller, Room166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico 87501

(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 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 Committee nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants by the Committee have been paid to the New Mexico Public Employees Retirement Association, which administers the plan.

(10) Post-Employment Benefits- State Retiree Health Care Plan

Plan Description. Legislative Finance Committee (Committee) 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.

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

(10) Post-Employment Benefits- State Retiree Health Care Plan (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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1: municipal police member coverage plan 3,4 or 5 municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statute requires each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978 at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Legislative Finance Committee's contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were $49,337, $50,994 and $47,900, respectively, which equal the required contributions for each year.

Postemployment Benefits - State Retiree Health Care Plan GASB No. 75

The Committee, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability 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.

Postemployment Benefits - State Retiree Health Care Plan GASB No. 75 (Continued)

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

(11) Risk Management

The Legislative Finance Committee is exposed to various risks of loss. The Committee 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.

(12) Operating Transfers

For the year ended June 30, 2019, the Committee's Transfers In and Transfers Out for Agency 11200 are as follows:

Transfers Out					
13000	Department of Finance & Administration	34101	85300 Reversions	$	**155,256**
Transfers In					
13000	Department of Finance & Administration	34101	85300 General fund allotment		4,570,200
13000	Department of Finance & Administration	34100	62000 Compensation appropriation		61,900
					4,632,100

(13) Reversion to State General Fund

Reversion to the State General Fund at June 30, 2019 was $155,256 from the Committee share fund #13000 to the State General Fund share fund # 85300.

(14) Government Service Agreement

The Legislative Finance Committee, Taxation and Revenue Department and the Department of Transportation entered into an agreement mutually agreed between the parties with the University of New Mexico to provide services of state and regional forecasting services. The agreement is for the time period of July 1, 2017 to June 30, 2019. The total compensation on the agreement is not to exceed $90,083 for fiscal year 2018, $91,560 for fiscal year 2019 including gross receipt taxes. The LFC share is $37,367 for fiscal year 2018 and $37,797 for fiscal year 2019.

(15) Subsequent Events

Subsequent events were evaluated through September 27, 2019, which is the date the financial statements were available to be issued. Management has determined that no events have occurred during this period that requires adjustment to or disclosure in the financial statements.

BALDWIN
ACCOUNTING & CONSULTING, LLC

Lee A. Baldwin, CPA, CFE, CGFM
Accounting Director
Your Trusted Advisor

Report on Internal Control and Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Mr. Brian Colón
New Mexico State Auditor Santa Fe, New Mexico
and
Committee Members Santa Fe, New Mexico

We have audited in accordance with the auditing standard 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, major fund, and the respective budgetary comparison for the general fund of the State of New Mexico, Legislative Finance Committee (Committee) as of and for the year ended June 30, 2019 and the related notes to the financial statements which collectively comprise the Committee's basic financial statements and have issued our report thereon dated September 27, 2019.

Internal Control Over Financial Reporting

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

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Our consideration of internal control over financial reporting 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 weakness or significant and therefore material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Committee's 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.*

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Committee'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 Committee's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baldwin Accounting & Consulting, LLC

Baldwin Accounting & Consulting, LLC
Albuquerque, NM
September 27, 2019

I. SUMMARY OF AUDIT RESULTS

	Yes	No	Occurrences
FINANCIAL STATEMENTS:			
Type of auditor's report issued: Unmodified			
Internal control over financial reporting:			
Material weakness(es) identified?		X	-
Significant deficiency(ies) identified?		X	-
Noncompliance material to financial statements noted?		X	-

STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE
PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2019

No prior or current year audit findings

STATE OF NEW MEXICO
LEGISLATIVE FINANCE COMMITTEE
EXIT CONFERENCE
JUNE 30, 2019

The contents of this report were discussed at an exit conference on September 27, 2019. Those attending were as follows:

Senator John Arthur Smith, Committee Chair

David Abbey, Director

Jeannae Leger, Administrator

Annamae Montoya, Financial Assistant

Independent Auditor

Lee Baldwin, CPA, CFE, CGFM - Accounting Director

Preparation of Financial Statements

The financial statements in this report were prepared substantially by the Independent Audit firm of Baldwin Accounting & Consulting, LLC with the assistance of the Committee’s management.