



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE
LABOR RELATIONS BOARD
Independent Auditor's Report
And Financial Statements
For The Year Ended
June 30, 2019**

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

TABLE OF CONTENTS

	Page #
INTRODUCTORY SECTION	
Table of Contents	i
Official Roster	1
 FINANCIAL SECTION	
Independent Auditor's Report	2-3
 MANAGEMENT'S DISCUSSION AND ANALYSIS	
	4-7
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position—Governmental Activities	8
Statement of Activities—Governmental Activities	9
 Fund Financial Statements	
Balance sheet—Governmental Fund	10
Statement of Revenues, Expenditures, and Changes in Fund Balances— Governmental Fund	11
Statement of Revenues, Expenditures and Changes Fund Balances—Budget and Actual—Modified Accrual—GAAP Budgetary Basis—General Fund	12
 Notes to the Financial Statements	
	13-24
 COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	25-26
Summary schedule of current and prior audit findings	27
Schedule of findings and responses	27-29
Exit conference	30

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**OFFICIAL ROSTER
As of June 30, 2019**

Name	Position
Thomas Griego	Executive Director
Matthew Huchmala	Executive Administrative Assistant



INDEPENDENT AUDITOR'S REPORT

Governing Board of Directors and Thomas J. Griego, Executive Director of
State of New Mexico Public Employee Labor Relations Board
and
Mr. Brian Colón, New Mexico State Auditor

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Board as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements of the New Mexico Public Employee Labor Relations Board are intended to present the financial position and the changes in financial position and budgetary comparison of only that portion of the financial reporting entity of the State of New Mexico that is attributable to the transactions of the New Mexico Public Employee Labor Relations Board. 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 its financial position and budgetary comparisons for the years 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**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2019, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Hinkle + Landers, P.C.
Albuquerque, NM
September 26 2019

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019**

BASIC FINANCIAL STATEMENTS

Financial data presented in these financial statements is for the activities of the New Mexico Public Employee Labor Relations Board as a single agency. It does not purport to represent the State of New Mexico as a whole.

All of the Board's basic services are reported in a governmental fund, which focus largely on the establishment of an appropriation by the state legislature and the expenditure of this money in accordance with a budget. General fund appropriations not expended or encumbered at year-end revert to the general fund. This fund reports using an accounting method called modified accrual accounting, which measures cash and cash equivalents and other financial assets that can readily be converted to cash and cash equivalents. The differences between governmental activities and the governmental fund are reconciled on the face of the financial statements.

The Board implemented the provisions of GASB 34. With the implementation of this statement, the presentation of the financial statements are significantly different from the previous general-purpose financial statements.

The new financial model includes: Management's Discussion and Analysis

This document is used to provide an objective analysis of the Board's financial activities based on currently known facts, decision, or conditions. It provides an analysis of the Board's overall financial position and results of operations, to assist users in assessing whether the financial position of the Board has improved as a result of the year's activities. Additionally, it provides an analysis of significant changes that have occurred in funds and significant budget variances. It should be read in conjunction with the financial statements as listed in the table of contents.

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns that add to a total for the Board and consist of a statement of net position and a statement of activities. These statements report all of the Board's assets, liabilities, revenues, expenses, and gains and losses. The Board did not have any business type activities during the year ended June 30, 2019.

Fund Financial Statements

The fund financial statements are similar to the financial statements presented in the previous accounting model. Emphasis here is on the Major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. Due to the fund structure of the Board, the only active individual governmental fund is the General Fund, which has been classified as a major fund. The Board has no non-major funds.

Notes to the Financial Statements

The notes to the financial statements consist of notes that provide information that is essential to a user's understanding of the Board's basic financial statements.

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019**

Condensed financial information comparing current year to prior year:

	Statement of Net Position			
	2019	2018	Change	% Change
Assets				
Interest in SGFIP and Cash	\$ 22,047	31,575	(9,528)	-30%
Total assets	<u>\$ 22,047</u>	<u>31,575</u>	<u>(9,528)</u>	<u>-30%</u>
Current liabilities				
Accounts payable	\$ 5,671	2,902	2,769	95%
Accrued payroll	6,065	6,593	(528)	-8%
Due to state general fund	10,311	11,769	(1,458)	-12%
Compensated absences - current	6,970	6,800	170	3%
Total current liabilities	<u>29,017</u>	<u>28,064</u>	<u>953</u>	<u>78%</u>
Noncurrent liabilities				
Compensated absences payable expected to be paid after one year	-	476	(476)	-100%
Total non-current liabilities	<u>-</u>	<u>476</u>	<u>(476)</u>	<u>-100%</u>
Total liabilities	<u>29,017</u>	<u>28,540</u>	<u>477</u>	<u>2%</u>
Net position				
Unrestricted (deficit)	<u>(6,970)</u>	<u>3,035</u>	<u>(10,005)</u>	<u>-330%</u>
Total net position	<u>(6,970)</u>	<u>3,035</u>	<u>(10,005)</u>	<u>-330%</u>
Total net position and liabilities	<u>\$ 22,047</u>	<u>31,575</u>	<u>(9,528)</u>	<u>-30%</u>

The Board's net position decreased by \$10,005 from 2018 to 2019.

	Statement of Activities			
	2019	2018	Change	% Change
Revenues				
General fund appropriation	\$ 235,600	221,000	14,600	7%
Reversion to state general fund	(12,310)	(4,389)	(7,921)	180%
Total revenues	<u>223,290</u>	<u>216,611</u>	<u>6,679</u>	<u>3%</u>
Expenses				
General government	<u>(233,295)</u>	<u>(215,367)</u>	<u>(17,928)</u>	<u>8%</u>
Change in net position	(10,005)	1,244	(11,249)	-904%
Net position - beginning of year	3,035	1,791	1,244	69%
Net position - end of year	<u>\$ (6,970)</u>	<u>3,035</u>	<u>(10,005)</u>	<u>-330%</u>

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019**

In FY 2019, the Agency had expenditures from the General Fund as follows:

FY 2019 GENERAL FUND EXPENDITURES

DESCRIPTION	AMOUNT	PERCENTAGE
Employee Compensation	120,640.12	51.6%
Employee Benefits & Taxes	39,072.50	16.7%
Employee/Board Training & Licensing	6,098.70	2.6%
Employees Meals and Travel	7,123.46	3.0%
Contractual Services	13,782.43	5.9%
Rent, Telecom, IT & Overhead	39,223.22	16.8%
Equipment, Supplies & Postage	7,661.00	3.3%
Total	233,601.43	100.0%

Analysis of balances and transactions on a fund basis:

The Board operates one governmental fund in which all activity related to the Board is recorded. The financial statements beginning as noted on the table of contents present the financial position and results of operations for the governmental fund. All appropriations are from annual appropriations by New Mexico State Legislature.

Significant variances between the Board's original budget, final budget and actual expenditures:

For FY 2019, the State Legislature appropriated \$235,600. The Board's General Fund expenditures totaled \$- (included in that expenditure is the reversion of \$22,620). This amount not expended was reverted to the State General Fund.

Activity relating to the Board's capital assets and long-term debt activity during the year:

The Board's long term debt at June 30, 2019 in the amount of \$6,970 represents the estimated future cost of compensated absences that will be funded and paid from future appropriations. Compensated absences represent the amount of accrued but unused vacation and sick time at current rates to be paid from future appropriations.

The Board presently has no capital assets and has not had any since its inception.

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019**

Currently known facts, decisions or conditions expected to impact the Board's financial position and results of operation:

This financial report is designed to provide citizens, taxpayers, legislators and other interested parties a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need addition financial information, please contact:

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State of New Mexico
Public Employee Labor Relations Board
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**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
STATEMENT OF NET POSITION—GOVERNMENTAL ACTIVITIES
As of June 30, 2019**

	Governmental Activities
ASSETS	
Current assets	
Investments in state general fund investment pool	\$ <u>22,047</u>
Total current assets	<u>22,047</u>
Total assets	<u><u>22,047</u></u>
 LIABILITIES	
Current liabilities	
Accounts payable	\$ 5,671
Accrued payroll and taxes	6,065
Compensated absences payable - expected to be paid within one year	6,970
Due to state general fund	<u>10,311</u>
Total current liabilities	<u>29,017</u>
Noncurrent liabilities	
Compensated absences payable - expected to be paid after one year	<u>-</u>
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>29,017</u>
 NET POSITION	
Unrestricted (deficit)	<u>(6,970)</u>
Total net position	<u>(6,970)</u>
Total net position and liabilities	<u><u>\$ 22,047</u></u>

See Independent Auditor's Report
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
STATEMENT OF ACTIVITIES—GOVERNMENTAL ACTIVITIES
For The Year Ended June 30, 2019**

	Governmental Activities
EXPENSES	
General government	
Administrative services	\$ (159,407)
Contractual services	(13,782)
Other costs	(60,106)
Net program (expense)/revenue and change in net position	(233,295)
 GENERAL REVENUES (EXPENSES)	
Transfers - State General Fund appropriation	235,600
less Transfers reversion to State General Fund FY 19	(12,310)
Total general revenues (expenses)	223,290
 Change in Net Position	 (10,005)
Net position, beginning of year	3,035
Net position, end of year	\$ (6,970)

See Independent Auditor's Report
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
BALANCE SHEET—GOVERNMENTAL FUND
As of June 30, 2019**

	(84800) General Fund
ASSETS	
Investments in state general fund investment pool	\$ 22,047
Total assets	<u>\$ 22,047</u>
 LIABILITIES AND FUND BALANCES	
Accounts payable	\$ 5,671
Accrued payroll and taxes	6,065
Due to state general fund	10,311
Total liabilities	<u>22,047</u>
 FUND BALANCES	
Unassigned	<u>-</u>
Total fund balances	<u>-</u>
Total liabilities and fund balances	<u>\$ 22,047</u>
 Total fund balances - Governmental Funds	 \$ -
 Amounts reported for governmental activities in the Statement of Net Assets are different at June 30, because:	
Rounding	-
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	-
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental fund:	
Compensated absences	<u>(6,970)</u>
Net position of governmental activities (Statement of Net Position)	 \$ <u><u>(6,970)</u></u>

See Independent Auditor's Report
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES FUND
BALANCES—GOVERNMENTAL FUNDS
For The Year Ended June 30, 2019**

	(84800) General Fund
EXPENDITURES	
Current	
General government:	
Administrative services	159,713
Contractual services	13,782
Other costs	<u>60,106</u>
Total expenditures	<u>233,601</u>
Excess (deficiency) of revenues over expenditures	<u>(233,601)</u>
OTHER FINANCIAL SOURCES (USES)	
Transfers - State General Fund appropriation	235,600
less Transfers reversion to State General Fund FY 19	<u>(12,310)</u>
Total other financial sources (uses)	<u>223,290</u>
Net change in fund balances	(10,311)
Fund balances, beginning of year	<u>10,311</u>
Fund balances, end of year	\$ <u><u>-</u></u>
Net change fund balance in governmental funds	\$ (10,311)

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their

In the current period, these amounts are:

Some items reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds

These activities consist of:

(Increase) decrease in compensated absences	306
Change in net position - governmental activities	\$ <u><u>(10,005)</u></u>

See Independent Auditor's Report
The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES FUND
BALANCES—GOVERNMENTAL FUNDS
For The Year Ended June 30, 2019**

GENERAL FUND (84800)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>Budgetary</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
EXPENDITURES				
Current				
General government:				
Personal services/employee benefits	\$ 175,200	160,700	159,713	987
Contractual services	5,900	14,202	13,782	420
Other costs	50,900	60,698	60,106	592
Total expenditures	<u>232,000</u>	<u>235,600</u>	<u>233,601</u>	<u>1,999</u>
Excess (deficiency) of revenues over expenditures	<u>232,000</u>	<u>235,600</u>	<u>233,601</u>	<u>(1,999)</u>
OTHER FINANCIAL SOURCES (USES)				
Transfers - SGF appropriation	228,800	235,600	235,600	-
less Transfers reversion to State General Fund FY 19 and 17	-	-	(12,310)	(12,310)
Total other financing sources and uses	<u>228,800</u>	<u>235,600</u>	<u>223,290</u>	<u>(12,310)</u>
Net change in fund balance	3,200	-	(10,311)	(10,311)
Fund balances, beginning of year	\$ <u>10,311</u>	<u>10,311</u>	<u>10,311</u>	-
Fund balances, end of year			<u><u>-</u></u>	

See Independent Auditor's Report
The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the State of New Mexico Public Employee Labor Relations Board (Board) is presented to assist in the understanding of the Board's financial statements. The financial statements and notes are the representation of the Board's management who is responsible for their integrity and objectivity.

The financial statements for the Board have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

A. Financial Reporting Entity

The State of New Mexico Public Employee Labor Relations Board (Board) was created by the by the New Mexico Legislature as part of the Public Employee Bargaining Act, 10-7E-1 to 10-7E-26 NMSA 1978. The Board's first year as an independent agency was the year ended June 30, 2005. In the prior year when it was created, it was considered part of the Office of the Governor. The board consists of three members appointed by the Governor of the State of New Mexico. One member should be recommended to the Governor by organized labor representatives actively involved in representing public employees, and one member should be recommended by employers actively involved in collective bargaining. The third member should be jointly recommended to the Governor by the two appointees. The purpose of the Board is to promulgate rules necessary to accomplish and perform its functions and duties as established in the Public Employee Bargaining Ave, including the establishment of procedures for:

1. The designation of appropriate bargaining units
2. The selections, certification and decertification of exclusive representatives; and
3. The filing of, hearing on and determinate of complaints or prohibited practices

The Board shall:

1. Hold hearings and make inquiries necessary to carry out its functions and duties
2. Conduct studies on problems pertaining to employer-employee relationships
3. Request from public employers and labor organizations the information and data necessary to carry out the Board's functions and responsibilities

The Board is a department of the primary government, the State of New Mexico. These financial statements present the financial position and changes in financial position of that portion of the governmental activities, each major fund, and aggregate remaining fund information of the State that is attributable to the transactions of the Board.

Based upon the application of the criteria in GASB Statements No. 14, No. 39, and No. 61, the Board had no component units as of June 30, 2019.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board. There is no

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

effect from interfund activity that needs elimination because the Board has only one fund. The Board's governmental actives are supported by general fund appropriations from the State of New Mexico. The Board has no business-type actives.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. 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 requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

In the government-wide Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt obligations. The Board's net position are reported in two parts; restricted net position and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct Expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that re restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Board's general fund appropriations are shown as general revenues.

Separate financial statements are provided for governmental funds, proprietary, funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Board did not have any funds classified as proprietary or fiduciary for the year ended June 30, 2019.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows or resources resulting from exchange and exchanged-like transactions should be recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows or resources resulting from nonexchange transactions should be recognized in accordance with GASB 33 and GASB 65. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Unavailable revenues are classified as deferred inflow. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

to compensated absences and claims and judgements, are recorded only when payment is due.

The Board reports the following major governmental fund:

General Fund (84800)

The General Fund is the Board's operating fund. Its fund number in the Statewide Human Resource Accounting and Management Reporting System (SHARE) is fund 84800. It is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in some other fund. The general fund is a reverting fund.

D. Assets, Liabilities, and Net Position or Equity and Related Notes

Cash and Investments

For the fiscal year ended June 30, 2019, all of the Board's cash was maintained on deposit with the State General Fund Investment Pool (SGFIP). 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 Sections 6-10-10 I through O, NMSA 1978 as amended. State law requires the New Mexico Department of Finance and Administration (DFA) to complete the reconciliations of balances and accounts kept by the New Mexico State Treasurer's Office (STO). The Board does not have a separate bank account.

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 STO acts as the State's bank. Board cash receipts are deposited with STO and pooled in a State Investment fund, when amounts are greater than immediate needs they are placed into short-term investments.

Capital Assets and Depreciation

Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of maintenance and repairs that do not add to the asset value or materially extend asset lives are not capitalized. The Board does not undertake major capital projects involving interest costs during the construction phase.

Pursuant to Section 12-6-10 NMSA 1978, movable chattels and equipment costing more than \$5,000 are capitalized. Capital assets of the Board are depreciated during zero salvage value and the straight-line method over the assets estimated useful life. As of June 30, 2019, the Board has no capital assets.

Compensated Absences

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. The compensated absences payable is included in the government-wide financial statements. No sick leave at June 30, 2019 met the requirements for accrual as no one had over 600 hours of sick leave at June 30, 2019.

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

Qualified employees, per the schedule approved by the Board, accumulate annual leave to a maximum of 240 hours as follows:

Years of Service	Hours Earned Per Pay Period
Less than 3 years	3.08
Between 3 to 7 years	3.69
Between 7 and 11 years	4.61
Between 11 and 15 years	5.54
15 years or more	6.15

Reversion to State General Fund

Reversions to the State General Fund by the Board are based on the definitions of reverting funds.

Reverting Funds - All funds that are not identified by law as non-reverting, such funds are those in excess of budgeted appropriated expenditures.

Current reversions due to the State General Fund as of June 30, 2019 were as follows:

	General Fund
Reversion FY 2019	\$ 1,999
Reversion FY 2017	10,311
Total reversions	\$ 12,310

Fund Balance Classification Policies and Procedures

In the governmental fund financial statements, fund balances are classified as non-spendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints place on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature and Executive Branch's intent to be used for specific purposes, or in some cases, by legislation.

All revenue sources appropriated to the Board are subject to the restrictions placed on the by outside funding sources, provisions of enabling legislation and applicable statutes, and by the language of legislative awards appropriate to the board. Currently, the Board has not fund balances that are classified as restricted. F there were restricted balances, one the applicable conditions were satisfied, the remaining resources revert to the original funding source.

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

Spending Policy

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Board's policy to use restricted resources first. When expenditures/expenses are incurred for purposes, for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Board's policy to spend committed resources first. The Board has not authority to establish a minimum fund balance. This is the prerogative of the State Legislature and the Executive Branch.

Fund Balance

The Board's fund balance is classified under the following GASB Statement 54 components:

- **Nonspendable**: Nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The Board has no amounts in the category of nonspendable fund balance for the year ended June 30, 2019.
- **Restricted**: Restricted fund balance represents amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation (such as taxpayers, grantors, bondholders, and higher levels of government) The Board has no amounts in the category of restricted fund balance.
- **Committed**: Committed fund balance is constrained to specific purposes by the highest level of decision-making authority (the New Mexico Legislature and Governor). The Board does not have any committed fund balance for the year ended June 30, 2019.
- **Assigned**: Assigned fund balance is constrained by the Legislature and Executive branch's intent to be used by the government for specific purposes or in some cases by legislation. Intent can be expressed by the governing body or an official or body to which the governing body delegates authority. The Board has no assigned fund balance for the year ended June 30, 2019.
- **Unassigned**: Unassigned fund balance is the residual classification for the general fund. The Board does not currently have a minimum fund balance policy. The Board has no amount in the unassigned category in the General Fund.

Net Position

The government-wide financial statements utilize a net position presentation. Net Position are categorized as restricted and unrestricted.

- 1) Restricted net position – This classification consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments or (2) law through constitutional provisions or enabling legislation. The Board has no restricted net position as of June 30, 2019.
- 2) Unrestricted (deficit) Net Position – This classification consists of all other net position that do not meet the definition of "restricted net position". The unrestricted net position is due to recognition of compensated absences, which is uncorrectable in a

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

reverting agency, and an adjustment for a liability in prior years, which was not substantiated.

Other Required Individual Fund Disclosures

Generally accepted accounting principles of the United States of America require disclosures of certain information concerning individual funds including:

- No funds maintained a deficit fund balance as of June 30, 2019.
- No funds exceeded approved budgetary authority for the year ended June 30, 2019.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The Board has no items that meet this criterion. In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized until then. The Board has no items that meet this criterion.

Concentrations

The Board depends on financial resources flowing from or associated with the State of New Mexico. Because of this dependency, the Board is subject to changes in specific flows of intergovernmental revenues based on modification to State laws and State appropriations.

Insurance Coverage (Contingencies)

The Board obtains coverage through the Risk Management Division of the State of New Mexico General Services Department. This coverage includes liability and civil rights, property, vehicle, employer bond, workers' compensation, group insurance and state unemployment. The coverage is designed to satisfy the requirements of the State Tort Claims Act. All employees of the Office are covered by blanket fidelity bond and money securities coverage by the State of New Mexico for the period July 1, 2018, through June 30, 2019.

Reconciliation Of Budgetary Basis To GAAP Basis

There were no differences between the budgetary basis and the modified GAAP basis for the General Fund for the year ended June 30, 2019.

Litigation

The Board is not a party to any litigation for the year ended June 30, 2019.

Pensions

The Board, 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 fund 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) for the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resource of the primary government will be contained in the General Fund and the

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

CAFR and will be available, will be issued, from the Office of the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501.

The purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the PERA and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Deferred Compensation

The State of New Mexico offers state, local government, and school district employees a deferred compensation plan created in accordance with the 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 to participate in the plan. The plan permits participants to defer a portion of their salary until future years.

The deferred compensation plan is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are the property of the participant. The Board has no employees that are participating in the deferred compensation plan.

Funding

The Board's funding is subject to annual evaluation and appropriation and could end at any time.

E. Budgets and Budgetary Accounting

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

1. No later than September 1st, the Board prepares a budget appropriation request by category to be presented to the next Legislature.
2. The appropriation request is submitted to the New Mexico Department of Finance and Administration's Budget Division (DFA) and to the Legislative Finance Committee (LFC).
3. DFA makes recommendations and adjustments to the appropriation request which then becomes the Governor's proposal to the Legislature.
4. The LFC holds hearings on the appropriation request, also submitting recommendations and adjustments before presentation to the Legislature.
5. Both the DFA's and LFC's recommended appropriation proposals are presented to the

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

Legislature for approval of the final budget plan.

6. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of these hearings are incorporated into the General Appropriations Act.
7. The Board'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.
8. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit. The Board submits, no later than May 1st, to DFA an annual operating budget by category and line item based upon the appropriations made by the Legislature. The DFA - Budget Division reviews and approves the operating budget which becomes effective on July 1.
9. All subsequent budget adjustments must be approved by the Board and the Director of the DFA - Budget Division. The budget for the current year was properly amended.
10. Formal budgetary integration is employed as a management control device during the fiscal year for the Board's funds.
11. The budget for the Governmental Funds are not adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budgets do not include prior year encumbrances paid in the current year in the budgetary amounts.
12. Appropriations lapse at the end of the fiscal year. The Board's General Fund is a reverting fund.
13. The budget for this State Agency is adopted on the modified accrual basis of accounting except for accounts payable 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 next year's budget. There were no accounts payable paid out of the subsequent year's budget.
14. If there are appropriations for multiple years and related funds are encumbered, there is a reservation of fund balance for encumbrances in the financial statements. This State Agency has no encumbered funds outstanding as of June 30, 2019.
15. The legal level of budgetary control is at the appropriation program level.

In accordance with the requirements of Section 2.2.2.10.A(2)(b) of NMAC Requirements for Contracting and Conducting Audits of Agencies and the allowance made by GASB Statement No. 34 footnote 53, the budgetary comparison statement has been included as part of the basic financial statements. It includes the reconciliation of the net change in fund balance (per modified accrual basis) to the net change in fund balance stated on the Statement of Revenues, Expenditures and Changes in Fund Balance.

2. CASH ACCOUNTS AND INVESTMENT POLICY

The Board has provided copies of the referenced diagnostic reports to the IPA. The Board has also explained and provided copies to the IPA what policies and procedures are in place that ensures that the cash balances in SHARE are correct to the extent that the Board has control

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

(i.e. collection, depositing, reconciling, bank statement validation, and documentation of outstanding reconciling items) of the cash it receipts and transfers to the state general fund and other state agencies pursuant to state statute.

The Board has one bank account and one fund operating under the oversight of SHARE and the State Treasurers Office. The cash transactions processed by the Board flow through the state general fund investment pool. Since SHARE was implemented, the Board recognized the statewide cash reconciliation issue and in response, developed internal reconciliation procedures to ensure that cash receipts and disbursements recorded in the SHARE system are in fact transactions that have been initiated by the Board. The reconciliation occurs each month and any required adjustments are forwarded to the Financial Control Division at DFA for correction. Monthly reconciliation procedures throughout the fiscal year, include, but are not limited to validation of: allotments, deposits, expenditures, all general entries, operating transfers, payroll expenditures/payroll liabilities and a review of outstanding warrants. The Board conducts ongoing tracking of all cash deposits and financial transactions to ensure that they are accurately recorded and posted to the SHARE system. This monthly internal reconciliation of cash receipts and disbursements flowing through the Board's share of the state general fund investment pool provides management assurance that the balance reflected in State General Fund Investment Pool account is accurate as of the end of the reporting period. It is DFA's responsibility to perform the monthly reconciliation of the General Fund Investment Pool.

Compliant with statute 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

Credit Risk for Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The General Fund Investment Pool is not rated for credit risk.

Interest Rate Risk for Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board does not have an investment policy that limits investment interest rate risk.

For further information regarding the GFIP, please see the State Treasurer's annual audit report and specifically refer to the GASB 40 disclosure of the investments. That report may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0708.

Investments in the State Treasurer General Fund Investment Pool

Please see the State Treasurer's annual audit report for the GASB 40 disclosure of the investments. That report may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0608.

The following is a summary on the next page of the investment and cash balances of the Board. The investments are with the New Mexico State Treasurer as reported by the New Mexico Department of Finance and Administration (DFA) at fair value:

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

<u>Fund Type</u>	<u>Location</u>	<u>SHARE No./ Description</u>	<u>Per Depository</u>	<u>Warrants/ Checks</u>	<u>Financial Statements</u>
General	STO	84800	\$ 22,047	-	22,047
Total investments on deposit with State Treasurer			<u>\$ 22,047</u>	<u>-</u>	<u>22,047</u>

There were no deposits in transit. The STO accounts are interest-bearing but the Board did not receive any interest for the year ended June 30, 2019.

The New Mexico State Treasurer monitors the collateral for deposits held by it for other state entities, which would include the investment account of the Board. The Office of the State Treasurer has its own separate annual independent audit in which the collateral pledged to secure these deposits is disclosed. By law, the Board is not permitted to have any investments other than what is held at the State Treasurer's Office and the Board did not have any other investments during the year ended June 30, 2019. There is no credit risk at the Board's level since the cash and cash equivalents amount is under the contract of the New Mexico State Treasurer.

3. COMPENSATED ABSENCES PAYABLE

A summary of changes in compensated absences payable for the year ended June 30, is as follows:

	<u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>2019</u>	<u>Current Portion</u>
Compensated absences payable	\$ 7,276	7,560	(7,866)	6,970	6,970

See the current portion of the liability above as noted above that is presented in the Statement of Net Position. In prior years, the General Fund was used to liquidate compensated absences.

4. PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. 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 Board, 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 next pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

Funding Policy: Plan members are required to contribute 8.92% of their gross salary. The Board is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the Board are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Board's contributions to PERA for the fiscal years ending June 30, 2019, 2018, and 2017 were \$19,814, \$21,249, and \$21,412, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

5. POST-EMPLOYMENT BENEFITS—STATE RETIREE HEALTH CARE PLAN

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019**

contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Board's contributions to the RHCA for the years ended June 30, 2019, 2018 and 2017 were \$2,332, \$2,501, and \$2,521, respectively, which equal the required contributions for each year.

6. COMMITMENTS—OPERATING LEASES

The Board is committed under a lease for office space through December 14, 2021. This lease is considered for accounting purposes to be an operating lease. Operating leases do not give rise to property rights or lease obligations; therefore, the results of operating leases are not reflected in the Board's capital assets. Lease expenditures for the year ended June 30, 2019 amounted to \$22,620 under operating leases. Future minimum lease payment for the operating lease are as follows:

Year Ending June 30	
2020 \$	22,890
2021	23,184
2022	11,666
2023	-
Total \$	<u><u>57,740</u></u>

7. DUE TO STATE GENERAL FUND

The following was due to the state general fund at June 30, 2019.

	<u>General Fund</u>
Reversion related to FY 17 General Appropriation	\$ <u>10,311</u>
Total	\$ <u><u>10,311</u></u>

8. INTER-AGENCY TRANSFERS

The Board received appropriations from DFA and other funding sources as provided by New Mexico Statutes.

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2019

Description	Agency Transferred From	From Fund	To Fund	Reference	Appropriation Period	Amount Transferred In
General Fund Appropriation	DFA	34101-85300	84800	Laws 2018, Ch 73, Sec 4	FY 19	\$ 228,800
General Fund Appropriation	DFA	34100-62000	84800	Laws of 2018, Ch 73, Sec 8A3	FY 19	3,200
General Fund Appropriation	DFA	34101-85300	84800	Laws of 2018, Ch 271, Sec 6-1019A3	FY 19	3,600
Total Other Financing Sources						235,600

Description	Agency Transferred To	From Fund	To Fund	Reference	Appropriation Period	Amount Transferred Out
General Fund Reversion	DFA	84800	34101	Reversion of FY 17 and 19 appropriation	FY 17 and 19 *	(12,310)
						<u>\$ 223,290</u>

*Transfer will take place in FY20

INDEPENDENT AUDITOR'S 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

Governing Board and Thomas J. Griego, Executive Director
State of New Mexico Public Employee Labor Relations Board
and
Mr. Brian Colón, New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, the budgetary comparison of the general fund of the State of New Mexico, New Mexico Public Employee Labor Relations Board (Board) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

September 26, 2019

INDEPENDENT AUDITOR'S 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*, continued

The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which (is) described in the accompanying schedule of findings and responses as item 2018-001.

New Mexico Public Employee Labor Relations Board's Response to Finding

New Mexico Public Employee Labor Relations Board's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hinkle + Landers, P.C.
Albuquerque, NM
September 26, 2019

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2019**

SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
a. Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
b. Significant deficiency(ies) identified That are not considered to be a material weakness(es)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
c. Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SUMMARY SCHEDULE OF CURRENT AND PRIOR AUDIT FINDINGS

<u>Reference #</u>	<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Type of Finding*</u>
Prior Year Findings			
2018-001	Reversion to State General Fund	Modified	C, D
2018-002	Stale Dated Warrants	Resolved	C, D
2018-003	Controls Over Expenditures	Resolved	C, D
Current Year Findings			

There are no new findings, see status of prior year findings.

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting.
- B. Significant Deficiency in Internal Control Over Financial Reporting.
- C. Finding That Does Not Rise to the Level of Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting.
- D. Non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity compliance.
- E. Instance of Material Non-Compliance.

2018-001–REVERSION TO STATE GENERAL FUND

Type of Finding: C, D

Statement of Condition

An amount of \$10,311 related to the Board’s 2017 state general fund appropriation was not properly calculated and remitted to the state general fund as a reversion. Management has resolved the issue going forward, but there was a residual amount from FY 2017 that was not identified.

Criteria

Per subsection A of Section 6-5-10 NMSA 1978 requires “all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2019**

June 30 shall revert by September 30 to the general fund. The division may adjust the reversion within 45 days of release of the audit report for that fiscal year.” Failure to transfer reverting funds timely in compliance with the statute requires an audit finding.

Effect

The Board is not in compliance with the New Mexico Administrative Code regarding reversions.

Cause

The reversion was not correctly calculated in the prior year.

Recommendation

We recommend the Board ensure its unspent state appropriations are reverted as required under the criteria section of this finding.

View of Responsible Officials and Corrective Action Plan

The agency’s CFO has reviewed the reversion timing requirements and the necessary reconciliation process for accurate accounting to determine the reversion. The agency believes this process, which includes the CFO/Board reviewing the monthly reconciliation will allow the Agency to meet the reversion deadline in the future.

Corrective Action Plan Timeline:

Immediately

Designation of employee position responsible for meeting this deadline:

Agency Chief Financial Officer

**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
EXIT CONFERENCE
For the Year Ended June 30, 2019**

An exit conference was held in a closed conference at the Board's offices on September 26, 2019.

Attending were the following:

State of New Mexico, Public Employee Labor Relations Board

Mr. Duff H., Board Chair

Mr. Thomas Griego, Executive Director

Ms. Tiffany Gurule, Acting Chief Financial Officer

Hinkle + Landers, P.C.

Farley Vener, CPA, CFE, CGMA, Managing Shareholder

FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are the responsibility of the Board and are based on information from the Board's financial records. Assistance was provided by Hinkle + Landers, PC to the Board in preparing the financial statements.