



**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR
RELATIONS BOARD
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**

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STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
For The Year Ended June 30, 2025
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**STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**OFFICIAL ROSTER
As of June 30, 2025**

Governing Board

Name	Position
Mark Myers	Board Chair
Hon. Nan G. Nash	Vice-Chair
Peggy Nelson	Board Member

Administrative Officers

Name	Position
Pilar Vaile	Executive Director
Crystal Funes Velasquez	Chief Financial Officer

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

Governing Board and Pilar Vaile, Executive Director of the
State of New Mexico Public Employee Labor Relations Board
and
Joseph Maestas, PE, CFE, New Mexico State Auditor

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, the budgetary comparison of the general fund of the State of New Mexico Public Employee Labor Relations Board (the Board) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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, 2025, and the respective changes in financial position 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the Board adopted the provisions of Governmental Accounting Standards Board (GASB) 101, Compensated Absences, which is effective for fiscal years beginning after December 15, 2023.

As discussed in Note 10, the adoption of GASB 101 resulted in a restatement of beginning net position. Our opinions are not modified with respect to this matter.

Financial Statements

As discussed in Note 1, the financial statements of the 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 Board. They do not purport to, and do not, present fairly the financial position of the State of New Mexico, as of June 30, 2025, and the changes in its financial position and budgetary comparison for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance

but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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*, which 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedules, listed as other supplementary information and required by Section 2.2.2 NMAC, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules, listed as other supplementary information, in the table of contents 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 schedules were 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 our report dated October 20, 2025, 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* in considering the Board's internal control over financial reporting and compliance.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.

Albuquerque, NM

October 20, 2025

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

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 focuses 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, which includes a Management's Discussion and Analysis (MD&A).

The MD&A provides an objective analysis of the Board's financial activities based on currently known facts, decisions, or conditions. It offers 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, 2025.

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

Fund Financial Statements

The fund financial statements are also presented. The 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 Board's fund structure, 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 disclosures that provide information essential to a user's understanding of the Board's basic financial statements.

Condensed financial information comparing the current year to prior year:

	Statement of Net Position			
	2025	2024	Change	% Change
Current Assets				
Interest in SGFIP	\$ 14,566	22,622	(8,056)	-36%
Total Current Assets	14,566	22,622	(8,056)	-36%
Non-Current Assets				
Capital Assets (Right-to-Use Leased Asset)	61,932	-	61,932	0%
Total Non-Current Assets				
Total Assets	\$ 76,498	22,622	53,876	238%
Current Liabilities				
Accounts Payable	\$ 9,561	5,508	4,053	74%
Accrued Payroll	5,005	3,872	1,133	29%
Due to State General Fund	-	-	-	0%
Lease Liabilities, Short-Term	23,838	-	23,838	0%
Compensated Absences Liability - Current	8,935	8,291	644	8%
Total Current Liabilities	47,339	17,671	29,668	111%
Non-Current Liabilities				
Lease Liabilities, Long-Term	38,838	-	38,838	0%
Compensated Absences Liability Expected to Be Paid after One Year	3,829	-	3,829	0%
Total Non-Current Liabilities	42,667	-	42,667	0%
Total Liabilities	90,006	17,671	72,335	409%
Net Position				
Restricted	-	13,242	(13,242)	-100%
Net Investment in Capital Assets	(744)	-	(744)	0%
Unrestricted (Deficit)	(12,764)	(8,291)	(4,473)	54%
Total Net Position	(13,508)	4,951	(18,459)	-372.83%
Total Net Position and Liabilities	\$ 76,498	22,622	53,876	238%

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

The Board's net position decreased by \$18,459 from 2024 to 2025.

	Statement of Activities			
	2025	2024	Change	% Change
Revenues				
General Fund Appropriation	\$ 297,900	273,500	24,400	9%
Special Appropriation	-	-	-	0%
Other Financing Sources	6,900	11,800	(4,900)	-42%
Reversion to State General Fund	(17,841)	(9,546)	(8,295)	87%
Total Revenues	286,959	275,754	11,205	4%
Expenses				
General Government	(299,201)	(279,835)	(19,366)	7%
Change in Net Position	(12,242)	(4,081)	(8,161)	200%
Net Position - Beginning of Year	4,952	9,032	(4,080)	-45%
Restatement	(6,218)	-	(6,218)	0%
Net Position - Beginning of Year, Restated	(1,266)	-	(1,266)	0%
Net Position - End of Year	\$ (13,508)	4,951	(18,459)	-373%

In FY 2025, the Board had the following expenditures from the General Fund as follows:

FY 2025 GENERAL FUND EXPENDITURES

DESCRIPTION	AMOUNT	PERCENTAGE
Employee Compensation	154,533	41.3%
Employee Benefits & Taxes	55,554	14.8%
Employee/Board Training & Licensing	2,702	0.7%
Employees Meals and Travel	10,942	2.9%
Contractual Services	18,335	4.9%
Rent, Telecom, IT & Overhead	32,028	8.6%
Equipment, Supplies & Postage	13,234	3.5%
Capital outlay - lease	74,318	19.8%
Debt service - lease	12,873	3.4%
Total	374,519	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 the New Mexico State Legislature.

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025

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

For FY 2025, the State Legislature appropriated \$297,900 from the state general fund to the Board. General Fund expenditures (modified accrual) totaled \$300,201; other financing sources and uses, including \$74,318 of lease financing and the \$17,841 reversion, resulted in a net change in fund balance of \$(13,242). The \$17,841 represents unexpended appropriations reverted to the State General Fund.

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

The Board's long-term obligation as of June 30, 2025, in the amount of \$12,764, 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. Also, the Board has a lease liability totaling \$62,676 due to leased office space.

The Board presently has no capital assets, except for right-to-use leased assets.

This financial report is designed to provide citizens, taxpayers, legislators, and other interested parties with 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 additional financial information, please contact:

Pilar Vaile
Executive Director
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, 2025

	Governmental Activities
ASSETS	
Current Assets	
Investment in State General Fund Investment Pool	\$ 14,566
Total Current Assets	14,566
Non-Current Assets	
Capital Assets (Right-to-Use Leased Asset), Net	61,932
Total Non-Current Assets	61,932
Total Assets	\$ 76,498
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 9,561
Accrued Payroll and Taxes	5,005
Lease Liabilities, Short-Term	23,838
Compensated Absences Liability - Expected to Be Paid within One Year	8,935
Due to State General Fund	-
Total Current Liabilities	47,339
Noncurrent Liabilities	
Lease Liabilities, Long-Term	38,838
Compensated Absences Liability - Expected to Be Paid after One Year	3,829
Total Noncurrent Liabilities	42,667
Total Liabilities	90,006
NET POSITION	
Net Investment in Capital Assets	(744)
Restricted for Specific Purposes	-
Unrestricted (Deficit)	(12,764)
Total Net Position	(13,508)
Total Net Position and Liabilities	\$ 76,498

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, 2025

	<u>Governmental Activities</u>
EXPENSES	
General Government	
Administrative Services	\$ (208,344)
Contractual Services	(18,335)
Other Costs	(58,905)
Amortization	(12,386)
Interest on Long-Term Obligations	(1,231)
Net Program (Expense)/Revenue and Change in Net Position	<u>(299,201)</u>
 GENERAL REVENUES	
State General Fund Appropriations FY 25	297,900
State Special Appropriation FY 25	-
Other Financing Sources	6,900
Reversion to State General Fund FY25	(17,841)
Total General Revenues	<u>286,959</u>
 Change in Net Position	 (12,242)
 Net Position, Beginning of Year	 4,952
Restatement - Note 10	(6,218)
Net Position, Beginning as Restated	<u>(1,266)</u>
Net Position, End of Year	\$ <u><u>(13,508)</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
BALANCE SHEET—GOVERNMENTAL FUND
As of June 30, 2025

(84800)
General
Fund

ASSETS

Investment in State General Fund Investment Pool	\$ 14,566
Total Assets	<u>\$ 14,566</u>

LIABILITIES AND FUND BALANCES

Accounts Payable	\$ 9,561
Accrued Payroll and Taxes	5,005
Due to State General Fund	<u>-</u>
Total Liabilities	14,566

FUND BALANCES

Restricted for Specific Purposes	-
Unassigned	<u>-</u>
Total Fund Balances	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 14,566</u>

Reconciliation of the Governmental Fund Balance to the Statement of Net Position

Total Fund Balances - Governmental Funds	\$ -
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Amounts Reported for Governmental Activities in the Statement of Net Position Are

Different at June 30, Because:

Capital Assets (Net of Amortization) Used in Governmental Activities Are Not Financial Resources and, Therefore, Are Not Reported in the Funds.

Right-to-Use Leased Assets Used in Governmental Activities Are Not Financial Resources and Therefore Are Not Reported in the Funds:

Right-to-Use Assets at Historical Cost	74,318
Accumulated Amortization	(12,386)

Long-Term Debt Reported as Accrued Compensated Absences and Lease Liabilities Are Not Due and Payable in the Current Period and, Therefore, Are Not Reported in the Funds (75,440)

Rounding	-
Net Position of Governmental Activities	<u>\$ (13,508)</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 IN FUND BALANCE – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2025

	(84800)
	General
	<u>Fund</u>
EXPENDITURES	
Current	
General Government:	
Administrative Services	\$ 210,088
Contractual Services	18,335
Other Costs	58,905
Capital Outlay	74,318
Debt Service - Principal Payment	11,642
Debt Service - Interest	1,231
Total Expenditures	<u>374,519</u>
Excess (Deficiency) of Revenues Over Expenditures	(374,519)
OTHER FINANCIAL SOURCES (USES)	
Transfers:	
State General Fund Appropriations FY 25	297,900
Other Financing Sources	6,900
Other Financing Sources- Lease Financing	74,318
Reversion to State General Fund FY 25	(17,841)
Total Other Financial Sources (Uses)	<u>361,277</u>
Net Change in Fund Balances	(13,242)
Fund Balances, Beginning of Year	<u>13,242</u>
Fund Balances, End of Year	<u>\$ -</u>
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities	
Net Change Fund Balance in Governmental Funds	\$ (13,242)
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:	
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:	
Right-to-Use Leased Asset Capital Outlay Expenditures Which Were Capitalized	74,318
Amortization Expense for Right-to-Use Leased Asset	(12,386)
The Issuance of Long-Term Obligations (E.g. Leases) Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Current Financial Resources of Governmental Funds.	
Neither Transaction, However, Has Any Effect on Net Position.	(74,318)
Principal Payments on Long-Term Obligations	11,642
Expenses Reported in the Statement of Activities That Do Not Require the Use of Current Financial Resources Are Not Reported as Expenditures in Governmental Funds.	
(Increase) Decrease in Compensated Absences	1,745
Rounding	(1)
Change in Net Position - Governmental Activities	<u>\$ (12,242)</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 IN FUND BALANCES
BUDGET TO ACTUAL (MODIFIED ACCRUAL BUDGETARY BASIS)
For The Year Ended June 30, 2025

GENERAL FUND (84800)				
	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
BUDGETED USE OF FUND BALANCE (CASH CARRY OVER)	13,242	13,242	-	(13,242)
EXPENDITURES				
Current				
General Government:				
Personal Services/Employee Benefits	\$ 210,200	210,200	210,088	112
Contractual Services	31,500	18,500	18,335	165
Other Costs	63,100	63,227	58,905	4,322
Debt Service				
Principal Payment	-	11,642	11,642	-
Interest Payment	-	1,231	1,231	-
Total Expenditures	304,800	304,800	300,201	4,599
Excess (Deficiency) of Revenues				
Over Expenditures	(291,558)	(291,558)	(300,201)	(8,643)
OTHER FINANCIAL SOURCES (USES)				
State General Fund Appropriations FY 25	297,900	297,900	297,900	-
State Special Appropriation FY 25	-	-	-	-
Other Financing Sources	6,900	6,900	6,900	-
Other Financing Sources- Lease Financing	-	-	74,318	74,318
Other Financing Uses - New Lease Contract	-	-	(74,318)	(74,318)
Less Reversion to State General Fund FY 25	-	-	(17,841)	(17,841)
Total Other Financing Sources and Uses	\$ 304,800	304,800	286,959	(17,841)
Net Change in Fund Balance			(13,242)	
Fund Balances, Beginning of Year			13,242	
Fund Balances, End of Year			\$ -	

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, 2025

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, which is responsible for their integrity and objectivity.

The financial statements of 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.

Recently Issued and Adopted Accounting Standards

GASB Statement No. 101 (GASB 101), Compensated Absences

In June 2022, GASB issued Statement No. 101, which establishes a unified model for recognizing and measuring liabilities for compensated absences. A liability is recognized for leave attributable to past services that accumulates and is more likely than not to be used or paid/settled; certain salary related payments directly and incrementally associated with such payments (for example, employer payroll taxes) are included in measurement. The liability is measured using pay rates in effect at the financial statement date. Changes adopted at transition are reported as a change in accounting principle. GASB 101 is effective for fiscal years beginning after December 15, 2023.

The Board implemented GASB 101 for the year ended June 30, 2025. The adoption was reported as a change in accounting principle and resulted in a restatement of beginning net position. See Note 10 for a reconciliation of previously reported and restated amounts.

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2025

GASB Statement No. 102 (GASB 102), Certain Risk Disclosures

In October 2023, GASB issued Statement No. 102, which requires disclosure of vulnerabilities due to certain concentrations or constraints when all disclosure criteria are met as of the date the financial statements are issued: (a) the concentration or constraint is known to the government before issuance; (b) it makes the reporting unit vulnerable to the risk of a substantial impact; and (c) an event or events associated with it have occurred, have begun to occur, or are more likely than not to begin within 12 months of the issuance date. Required disclosures describe the concentration/constraint, the event(s) that have occurred or begun, and mitigation actions taken prior to issuance. Governments must also assess these criteria for any reporting unit that reports a liability for revenue debt. GASB 102 is effective for fiscal years beginning after June 15, 2024. Management determined that no disclosures were required under GASB 102 as of the issuance date.

A. Financial Reporting Entity

The State of New Mexico Public Employee Labor Relations Board (the Board) was created 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. During the prior year when it was created, it was considered part of the Office of the Governor. The official roster of 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 Act, including establishing procedures for:

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

STATE OF NEW MEXICO
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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 on the application of the criteria in GASB 14, as amended by GASBs 39, 80, 61 and 90, as well as other applicable GASB statements, the Board had no component units as of June 30, 2025.

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 the nonfiduciary activities of the Board. There is no interfund activity that requires elimination because the Board has only one fund. The Board's governmental activities are supported by General Fund appropriations from the State of New Mexico. The Board has no business-type activities.

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 the requirements of GASB 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 recognizes all long-term assets

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and receivables, as well as long-term obligations. The Board's net position is reported in two categories: 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 are offset by program revenues. The Board has no program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, 2025.

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 of resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of 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 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 inflows. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service

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expenditures, as well as expenditures related to compensated absences and claims and judgments, 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 year ended June 30, 2025, 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 reconciliation 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 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 the STO and pooled in a State Investment Fund; when amounts exceed immediate needs, they are placed into short-term investments.

Capital Assets and Depreciation

Capital assets are recorded at historical cost. Donated capital assets, if applicable, are recorded at estimated fair market value as of the date of donation. The cost of maintenance and repairs that do not add to the asset's value or materially extend asset's lives are not

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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 \$5,000 or more, with an estimated life greater than one year, are capitalized. Capital assets of the Board are depreciated using the straight-line method over the asset's estimated useful life.

As of June 30, 2025, the Board had no capital assets, except for right-to-use leased assets.

Compensated Absences

Qualified employees are entitled to accumulate compensated absences. The Board's accrual methodology is as follows:

Type	Description
Annual Leave	<u>More likely than not to be paid or used: 100%</u> This percentage shall be applied to the aggregate balance of unused Annual Leave at the measurement date.
Sick Leave	<u>More likely than not to be paid: 60%</u> This percentage shall be applied to the aggregate balance of unused Sick Leave hours at the measurement date greater than 600 but less than 1,000 hours per employee. <u>More likely than not to be used: 50%</u> This percentage shall be applied to the aggregate balance of unused Sick Leave hours at the measurement date up to 600 hours per employee.
Premium Overtime	<u>More likely than not to be paid or used: 100%</u> This percentage shall be applied to the aggregate unused Premium Overtime balance at the measurement date.
Compensatory Time Leave Balance	<u>More likely than not to be paid or used: 100%</u> This percentage shall be applied to the aggregate unused Compensatory Time Leave Balances amount at the measurement date.

Measurement of Liability

The compensated absences liability is reported in the government-wide financial statements and is calculated based on:

- Current pay rates as of June 30, 2025.
- Applicable payroll taxes (such as FICA).

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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 not identified by law as non-reverting, in excess of budgeted appropriated expenditures.

Current reversions due to the State General Fund as of June 30, 2025, were as follows:

	<u>General Fund</u>
Reversion FY25 - General Appropriation	\$ 7,139
Reversion FY25 - Special Appropriation	<u>10,702</u>
Total Reversions	<u>\$ 17,841</u>

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 fund balance represents those portions of fund balance where constraints placed 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's 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 them by outside funding sources, provisions of enabling legislation, and applicable statutes, and by the language of legislative awards appropriated to the Board. For restricted balances, once the applicable conditions are satisfied, any remaining resources revert to the original funding source if unused.

Spending Policy

When an expenditure or expense is incurred for purposes where both restricted and unrestricted resources are available, it is the Board's policy to use restricted resources first.

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When expenditures or expenses are incurred for purposes, where 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 no 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 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, 2025.
- **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 by taxpayers, grantors, bondholders, and higher levels of government) The Board had no restricted fund balance for the year ended June 30, 2025.
- **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, 2025.
- **Assigned**: Assigned fund balance is constrained by the Legislature's 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, 2025.
- **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.

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Net Position

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

- 1) Investment in capital assets, net of related debt—This classification consists of capital assets net of accumulated amortization and reduced by outstanding related lease liabilities.
- 2) 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 had no restricted net position as of June 30, 2025.
- 3) 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.

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, 2025.
- No funds exceeded approved budgetary authority for the year ended June 30, 2025.

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

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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 Board are covered by blanket fidelity bond and money securities coverage by the State of New Mexico for the period July 1, 2024, through June 30, 2025.

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, 2025.

Litigation

The Board is not a party to any litigation for the year ended June 30, 2025.

Use of Estimates in Preparation of Financial Statements

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.

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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 to 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 Legislature for approval of the final budget plan.

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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, 2025, 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 Fund is 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 unless otherwise identified. 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, 2025.
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 34

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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

State law (Section 8-6-3 NMSA 1978) requires the Board's cash be managed by the New Mexico State Treasurer's Office (the "STO"). Accordingly, the investment of the Board consists of an interest in the General Fund Investment Pool managed by the STO. 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 when agency cash receipts are deposited and later pooled into a statewide investment fund, also referred to as the State General Fund Investment Pool (SGFIP). In times when cash amounts are greater than immediate needs, the amounts 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 SGFIP to the associated resources held by the STO has been completed for fiscal year 2025. This process has been previously reviewed and is analyzed annually, by the Independent Public Accountants performing audits of the General Fund, the Department of Finance and Administration, and the State of New Mexico's Annual Financial Report. These reviews have deemed the process sound and the Department fully compliant with reconciliation requirements. The State Treasurer's Office has provided the following assertions:

- As of June 30, 2025, resources held in the pool were equivalent to the corresponding business unit claims on those resources.
- All claims, as recorded in SHARE, shall be honored at face value.

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.

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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.

Investment in the State Treasurer General Fund Investment Pool

Please see the STO'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 of the investment and cash balances of the Board. The investments are with the STO as reported by the New Mexico Department of Finance and Administration (DFA) at fair value:

<u>Fund</u> <u>Type</u>	<u>Location</u>	<u>SHARE No./</u> <u>Description</u>	<u>Per</u> <u>Depository</u>	<u>Warrants/</u> <u>Checks</u>	<u>Financial</u> <u>Statements</u>
General	STO	84800	\$ 14,566	-	14,566
Total			<u>\$ 14,566</u>	<u>-</u>	<u>14,566</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, 2025.

3. LONG-TERM OBLIGATIONS

A summary of changes in long-term obligations for the year ended June 30 is as follows:

	<u>2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Restatement</u>	<u>2025</u>	<u>Current</u> <u>Portion</u>
Lease Liabilities	\$ -	74,318	(11,642)	-	62,676	23,838
Compensated Absences Liability	8,291	-	(1,745) *	6,218	12,764	8,935
	<u>\$ 8,291</u>	<u>74,318</u>	<u>(13,387)</u>	<u>6,218</u>	<u>75,440</u>	<u>32,773</u>

* The Change in the Compensated Absences Liability Is Presented as a Net Change.

Long-term obligations increased due to the implementation of GASB 101 Compensated Absences, which expanded recognition and measurement of the compensated absences liability.

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Lease Liabilities

The Board has entered into an agreement to lease office space. The lease agreement qualifies as other than a short-term lease under GASB 87. Additionally, its value of total future lease payments from July 1, 2022, to the end of the lease term is \$5,000 or more, which is the threshold which has been determined and set by the New Mexico Department of Finance and Administration (NMDFA). Therefore, the leases have been recorded at the present value of the future minimum lease payments using the facts and circumstances available as of July 1, 2022.

The agreement was executed on January 30, 2025, to lease office space, and requires 12 monthly payments of \$2,144, 12 payments of \$2,178 and 12 payments of \$2,243. The lease liability is measured at an incremental borrowing rate (IBR) of 3.70%, which has been set as the IBR by NMDFA. As a result of the leases, the Board has recorded a right-to-use asset with a net book value of \$61,932 as of June 30, 2025. The right-to-use asset is discussed in more detail in Note 4. Cash payments totaled \$12,873 consisting of \$11,642 in principal and interest of \$1,231. The lease liability is \$62,676 as of June 30, 2025.

No renewal/termination options are included in the lease terms; no options are reasonably certain to be exercised. No variable payments or non-lease components.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

		Principal	Interest	Total
2026	\$	23,838	1,852	25,690
2027		25,521	937	26,458
2028		13,317	105	13,422
2029		-	-	-
2030		-	-	-
Thereafter		-	-	-
Total	\$	62,676	2,894	65,570

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Compensated Absences

Compensated absences are liquidated with available financial resources out of the General Fund. The State of NM does not budget, in the current year, funds to pay any portion of the compensated absence liability at the end of the year; therefore, the current portion of compensated absences is not recorded in the fund financial statements. Other than compensated absences and lease liabilities, the Board has no other debt.

4. CAPITAL ASSETS

Capital asset (Right-to-Use Leased Assets) activity for the year ended June 30, 2025 was as follows:

	Balance 2024	Increases	Decreases	Balance 2025
Right-to-Use Assets				
Leased Building	\$ -	74,318	-	74,318
Total Right-to-Use Assets	-	74,318	-	74,318
Less Accumulated Amortization for:				
Leased Building	-	(12,386)	-	(12,386)
Total Accumulated Amortization	-	(12,386)	-	(12,386)
Right-to-Use Assets, Net	\$ -	61,932	-	61,932

For the year ended June 30, 2025, amortization expense in the amount of \$12,386 was included in the general government function in the Statement of Activities.

Right-to-Use Leased Assets

The Board has a right-to-use leased assets for leased office space. The related leases are discussed in Note 3. The right-to-use leased assets are amortized on a straight-line basis over the term of the related leases.

5. PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. Compliant with the requirements of GASB 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the year ended June 30, 2025.

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

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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 Annual Comprehensive Financial Report (ACFR) 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 ACFR 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 10.92% of their gross salary. The Board is required to contribute 19.24% 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 years ending June 30, 2025, 2024, and 2023, were \$29,166, \$29,008, and \$26,829, respectively, which equal the amount of the required contributions for each fiscal year.

6. 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

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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

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coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2025, the statute required 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, 2025, 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, 2025, 2024, and 2023, were \$3,032, \$3,017, and \$2,865, respectively, which equal the required contributions for each year.

7. DUE TO STATE GENERAL FUND

The following was due to the state general fund at June 30, 2025.

	<u>General Fund</u>
State Dated Warrants	\$ <u>-</u>
Total	\$ <u><u>-</u></u>

8. COMMITMENTS

The Board entered into a contract with State of New Mexico Administrative Office of the District Attorneys (AODA) to receive budget and finance control assistance and support for the operation of its location in Albuquerque, New Mexico. The AODA designates a CFO to be responsible for these functions. The contract will terminate on November 15, 2025.

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2025

9. SCHEDULE OF INTERAGENCY TRANSFERS

Description	Agency Transferred From	From SHARE Fund	To SHARE Fund	Appropriation Period	Amount Transferred In
State Appropriations					
General Fund Appropriation	DFA	34101-85300	84800	FY 25	\$ 297,900
Other Financing Sources					
Other Financing Sources	DFA	34100-62000	84800	FY 25	6,900
Total Other Financial Sources					6,900
Total Transfers In					\$ 304,800
Description	Agency Transferred To	From SHARE Fund	To SHARE Fund		Amount Transferred Out
General Fund Reversion	DFA	84800	34101	FY 25	(7,139)
General Fund Reversion- Special Appropriation	DFA	84800	34101	FY 25	(10,702)
Total reversions					(17,841)
					\$ 286,959

10. RESTATEMENT—CHANGE IN ACCOUNTING PRINCIPLE—GASB 101

The Board restated beginning net position for governmental activities to implement GASB 101 (Compensated Absences).

	As Previously Reported June 30, 2024	Change in Accounting Principle	As Restated June 30, 2024
Government-Wide			
Governmental Activities	\$ 4,952	(6,218)	(1,266)
Total Primary Government	\$ 4,952	(6,218)	(1,266)

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
SCHEDULE OF SPECIAL, DEFICIENCY, SPECIFIC AND CAPITAL OUTLAY APPROPRIATIONS
For The Year Ended June 30, 2025

Description	SHARE Identifier #	Original Appropriation	Appropriation Period	Expend- itures To Date	Out- standing Encumb- rances	Unencumb- ered Balances
Special, Deficiency, Specific and Capital Outlay Appropriations						
Laws of 2022, 1st Session, Chapter 54, Section 5, Item 46, L22, 2S, C54-S5-I046, 37922OPA05/37922OPR05	ZG5046	\$ 25,000	3/16/2022-6/30/2025	14,298	-	10,702
Total Special, Deficiency, Specific and Capital Outlay Appropriations		\$ <u>25,000</u>		<u>14,298</u>	<u>-</u>	<u>10,702</u>

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 Pilar Vaile, Executive Director of the
State of New Mexico Public Employee Labor Relations Board
and
Joseph Maestas, PE, CFE, 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 Public Employee Labor Relations Board (the Board) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 20, 2025.

Report on 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 or significant deficiencies may exist that have not been identified.

Report on 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

October 20, 2025

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

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.

A handwritten signature in black ink that reads "Hinkle & Landers, P.C." in a cursive, stylized font.

Hinkle + Landers, P.C.

Albuquerque, NM

October 20, 2025

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2025

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued **Unmodified**

Internal control over financial reporting:

- a. Material weakness(es) identified? ☐Yes ☒No
- b. Significant deficiency(ies) identified
that are not considered to be a material weakness(es)? ☐Yes ☒No
- c. Noncompliance material to the financial statements noted? ☐Yes ☒No

SECTION II and III: FINANCIAL STATEMENTS AND SECTION 12-6-5 NMSA 1978 FINDINGS

<u>Reference #</u>	<u>Finding</u>	<u>Status of Current and Prior Year Findings</u>	<u>Type of Finding*</u>
<u>Section II - Financial Statement Findings</u>			
None			
<u>Section III - 12-6-5 NMSA 1978 Findings</u>			
None			

*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 a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting
- D. Instance of Non-compliance Material to the Financial Statements
- E. Other Non-compliance Required to be Reported per Section 12-6-5 NMSA 1978

STATE OF NEW MEXICO
NEW MEXICO PUBLIC EMPLOYEE LABOR RELATIONS BOARD
EXIT CONFERENCE
For the Year Ended June 30, 2025

An exit conference was held in a closed conference on October 20, 2025.

Attending were the following:

State of New Mexico, Public Employee Labor Relations Board

Hon. Nan Nash (Ret.), Board Vice-Chair

Pilar Vaile, Executive Director

Crystal Funes Velasquez, Chief Financial Officer

Matthew Huchmala, Legal Assistant II

Hinkle + Landers, P.C.

Farley Vener, CPA, CFE, CGMA, Managing Shareholder

Cosmina Hays, CPA, CGFM, MBA, Audit Manager

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.