

Accounting & Consulting Group, LLP

Certified Public Accountants

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
FINANCIAL STATEMENTS
WITH ACCOMPANYING INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2011



STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
FINANCIAL STATEMENTS
WITH ACCOMPANYING INDEPENDENT AUDITORS' REPORTS
JUNE 30, 2010

(This page intentionally left blank)

INTRODUCTORY SECTION

(This page intentionally left blank)

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Table of Contents
June 30, 2010

	Exhibit / Schedule	Page
INTRODUCTORY SECTION		
Table of Contents		5
Official Roster		7
FINANCIAL SECTION		
Independent Auditors' Report		10-11
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	14
Statement of Activities	A-2	15
Fund Financial Statements:		
Balance Sheet - Governmental Funds	B-1	16
Reconciliation of the Balance Sheet to the Statement of Net Assets		17
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	B-2	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities		19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Modified Accrual Basis) and Actual - General Fund	C-1	20
NOTES TO FINANCIAL STATEMENTS		22-30
COMPLIANCE SECTION		
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>Government Auditing Standards</i>		32-33
SCHEDULE OF FINDINGS AND RESPONSES		34-35
OTHER DISCLOSURES		36

(This page intentionally left blank)

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Official Roster
June 30, 2010

Board

Martin V. Dominquez
Duff H. Westbrook
John W. Boyd

Board Chair
Vice Chair
Board Member

Administrative Officials

Juan B. Montoya
Bernadette Carian

Executive Director
Executive Administrative Assistant

(This page intentionally left blank)

FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Hector H. Balderas
New Mexico State Auditor
and
The Public Employee Labor Relations Board
2929 Coors Blvd. NW Suite # 303
Albuquerque, New Mexico, 87120

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison of the general fund of the Public Employee Labor Relations Board (the Board) as of and for the year ended June 30, 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Public Employee Labor Relations Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Board are intended to present the financial position and the changes in the financial position of only that portion of the governmental activities and the major fund 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, 2010, the changes in its financial position or general fund budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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, 2010, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2012 on our consideration of the Public Employee Labor Relations 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.

The Board has not presented the Management's Discussion and Analysis for the year ended June 30, 2010, which is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
July 11, 2012

(This page intentionally left blank)

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Statement of Net Assets
June 30, 2010

Exhibit A-1

	<u>Governmental Activities</u>
Assets	
Current assets	
Investment in State Treasurer's General Fund Investment Pool (SGFIP)	\$ 181,826
Total current assets	<u>181,826</u>
Total assets	<u><u>\$ 181,826</u></u>
Liabilities	
Current liabilities	
Accounts payable	4,622
Accrued payroll	26,170
Due to state general fund	151,034
Compensated absences	12,758
Total current liabilities	<u>194,584</u>
Total liabilities	<u>194,584</u>
Net Assets	
Unrestricted net assets	<u>(12,758)</u>
Total net assets	<u>(12,758)</u>
Total liabilities and net assets	<u><u>\$ 181,826</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Statement of Activities
For the Year Ended June 30, 2010

Exhibit A-2

	Governmental Activities
Expenses	Expenses
General Government	
Personnel services	\$ 199,182
Contractual services	4,056
Other costs	49,023
Total program expenses	252,261
 General revenues	
State general fund appropriation (net of reversion)	255,303
Total general revenues	255,303
Increase in net assets	3,042
Net assets - beginning of the year, as previously stated	(24,492)
Prior period adjustment (see note 12)	8,692
Net assets - beginning of the year, restated	(15,800)
Net assets - end of the year	\$ (12,758)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Balance Sheet
Governmental Funds
June 30, 2010

	<u>General Fund</u>
ASSETS	
<i>Assets</i>	
Investment in State Treasurer's General Fund Investment Pool (SGFIP)	\$ 181,826
<i>Total assets</i>	\$ 181,826
LIABILITIES AND FUND BALANCE	
<i>Liabilities</i>	
Accounts payable	4,622
Accrued payroll	26,170
Due to state general fund	151,034
<i>Total liabilities</i>	181,826
<i>Fund balances</i>	
Spendable:	
Unassigned	-
<i>Total fund balances</i>	-
<i>Total liabilities and fund balances</i>	\$ 181,826

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2010

Exhibit B-1
Page 2 of 2

Fund Balance - Governmental Funds (Exhibit B-1)	\$ -
Total net assets reported for governmental activities in the statement of net assets is different because:	
Current compensated absences are not payable on June 30, 2011 and therefore are not reported in the fund financial statements	<u>(12,758)</u>
Total Net Assets (Exhibit A-1)	<u><u>\$ (12,758)</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2010

EXPENDITURES:

General Government

Current

Personnel services	\$ 202,224
Contractual services	4,056
Other costs	49,023
	255,303

<i>Total Expenditures</i>	255,303
---------------------------	---------

<i>Excess (deficiency) of revenues over expenditures</i>	(255,303)
--	-----------

OTHER FINANCING SOURCES (USES)

State general fund appropriations	323,400
FY10 Reversion	(68,097)
	255,303

<i>Total other financing sources and (uses)</i>	255,303
---	---------

<i>Net change in fund balance</i>	-
-----------------------------------	---

<i>Fund balance - beginning of year, as previously stated</i>	(8,692)
---	---------

<i>Prior period adjustment (see note 12)</i>	8,692
--	-------

<i>Fund balance - beginning of year, restated</i>	-
---	---

<i>Fund balance - end of year</i>	\$ -
-----------------------------------	------

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

Net Change in Fund Balance - Governmental Funds	\$ -
The change in net assets reported for governmental activities in the statement of activities is different because:	
Compensated absences decreased by this amount during FY10	<u>3,042</u>
Change in Net Assets (Exhibit A-2)	<u><u>\$ 3,042</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Statement of Revenues, Expenditures and
Changes in Fund Balance-Budget (Modified Accrual Basis) and Actual
General Fund
For The Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP) Basis	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		Final to Actual
<i>Revenues:</i>				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
Personnel services and employee benefits	246,000	226,000	202,224	\$ 23,776
Contractual services	4,100	4,100	4,056	44
Other costs	73,300	93,300	49,023	44,277
<i>Total expenditures</i>	323,400	323,400	255,303	68,097
<i>Excess (deficiency) of revenues over expenditures</i>	(323,400)	(323,400)	(255,303)	68,097
<i>Other financing sources (uses)</i>				
State general fund appropriations	323,400	323,400	323,400	-
<i>Total other financing sources (uses)</i>	323,400	323,400	323,400	-
<i>Net change in fund balances</i>	-	-	68,097	68,097
<i>Fund balance - beginning of year (restated)</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 68,097	\$ 68,097
Net change in fund balance (budgetary basis)			\$ 68,097	
Reversion expenditure omitted from budget basis			(68,097)	
Net change in fund balance GAAP basis			\$ -	

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the 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 of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to agencies of the government. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to this same limitation. The Board has elected not to follow subsequent private-sector guidance. The more significant of the Board's accounting principles are described below.

A. Reporting Entity

The State of New Mexico Public Employee Labor Relations 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. 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 recommend 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 rules necessary to accomplish and perform its functions and duties as established in the Public Employee Bargaining Act, including the establishment of 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 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 and No. 39, the Board had no component units as of June 30, 2011.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board. There is no effect from interfund activity that needs 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.

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and fund financial statements (continued)

The Statement of Net Assets 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 Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

In the government-wide Statement of Net Assets, 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 assets are reported in three parts – invested in capital assets; restricted net assets; and unrestricted net assets.

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 are restricted to meeting the operational 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, 2010.

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 are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service 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:

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.

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Fund Equity

Cash and Investments

For the fiscal year ended June 30, 2011, all of the Board's cash was maintained on deposit with the State Treasurer's 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.

Capital Assets and Depreciation

Capital assets of the Board include information technology equipment (computers and peripherals, all equipment related to electronic communications and software). The Board does not have any infrastructure. 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 assets lives are not capitalized. The Board does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the Board's capital assets. 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 using zero salvage value and the straight line method over the assets estimated useful life. As of June 30, 2010 the Board does not own any capital assets

Compensated Absences

Annual leave and other compensated absences with similar characteristics are accrued as a liability as benefits are earned by employees if: the employees' right to receive compensation is attributable to services already rendered; and it is probable that the employer will compensate employees for benefits through paid time off or some other means, such as cash payments at termination or retirement.

When applicable, the compensated absence liability is presented in two parts in the government-wide financial statements, a current portion and long-term portion. The current portion is the amount *estimated* to be expended during fiscal year 2011.

Fund Balance Classification Policies and Procedures

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted 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. Unassigned fund balances represent the residual amount of fund balance after all classifications described above have been considered. As of June 30, 2010 the Board has no fund balance amounts.

Spending policy disclosure

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's policy to use restricted resources first. When expenditures 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 State'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 (Governor) Branch.

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Notes to Financial Statements
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Fund Equity (continued)

Net Assets Classifications

Equity in the Statement of Net Assets is displayed in the following two components:

- 1) Restricted net assets-This classification consists of net assets with constraints placed on the 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 assets as of June 30, 2010
- 2) Unrestricted net assets-This classification consists of all other net assets that do not meet the definition of "restricted net assets."

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Board's financial statements include the current portion of compensated absences and useful lives of depreciable assets.

Funding

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 Public Employee Labor Relations Board submits to the State Budget Division (SBD) of the New Mexico Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. Copies are also sent to the Legislative Finance Committee (LFC). The appropriation request includes proposed expenditures and the means of financing them.
2. Appropriation request is reviewed by the SBD and additional information is obtained, if needed, Agency budgets are consolidated, with revisions, and submitted as a tentative budget to the Governor of the State. The Governor's approved appropriation request is then submitted to the Legislature as the recommended appropriation request for the Board.
3. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance committees. The final outcome of these hearings is incorporated into the General Appropriations Act.
4. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
5. The Board submits, no later than May 1, to DFA an annual operating budget by category and line item based upon the appropriation made by the legislature. The DFA Budget Division reviews and approves the operating budget, which becomes effective on July 1. All subsequent budget adjustments must be approved by the director of the DFA - State Budget Division.
6. Budget control for expenditures and encumbrances is at the appropriation program level. The Board has only one program. All of the expenditures and encumbrances for that program are accounted for in the Board's general fund.

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Notes to Financial Statements
June 30, 2010

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

7. Formal, budgetary integration is employed as a management control device during the fiscal year for the general fund.
8. The budget for the General Fund is on the modified accrual basis. There were no accounts payable at June 30, 2010 that did not get paid within 31 days after the end of the fiscal year.
9. Any remaining SHARE fund 84800 balance not reserved for unexpended special or capital outlay multiple-year appropriations, must revert to the New Mexico State general fund by September 30th, as required by Section 6-5-10, NMSA 1978.

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 budgetary basis) to the net change in fund balance stated on the statement of revenues, expenditures and changes in fund balance.

NOTE 3. INVESTMENTS IN STATE TREASURER’S GENERAL FUND INVESTMENT POOL

State law requires the Board’s cash to be managed by the New Mexico State Treasurer’s Office. Accordingly, the investments of the Board consist of an interest in the investment pools managed by the New Mexico State Treasurer’s Office. The Board does not have a separate bank account.

At June 30, 2010, the Board had the following in pooled cash (Agency Code 37900; Fund Code 84800):

New Mexico State Treasurer’s General Fund Investment Pool \$181,826

Interest Rate Risk: The State Treasurer’s General Fund Investment Pool does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changes in interest rates.

Credit Risk: The New Mexico State Treasurer’s General Fund Investment Pool is not rated.

For additional GASB 40 disclosure information regarding the investment in the New Mexico State Treasurer’s General Fund Investment Pool, the reader should see the separate audit report for the State Treasurer’s Office for the fiscal year ended June 30, 2010.

NOTE 4. COMPENSATED ABSENCES

Accrued Annual Leave:

Pursuant to Section 10-9-4(K), NMSA 1978, all three of the Board’s employees fall under the State’s exempt salary plan policies. The policy states that exempt employees shall be eligible to accrue leave based on cumulative years of service to the State. Cumulative years of service shall mean total years of employment with the State of New Mexico to include any combination of service as an executive exempt employee, a classified employee, a judicial employee or a legislative employee.

Exempt employees shall accrue leave as follows:

Years of Service		Accrual Rate
At Least	Less Than	Per Pay Period (In Hours)
0.0	11.0	4.62
11.0	15.0	5.54
15.0	>	6.15

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Notes to Financial Statements
June 30, 2010

NOTE 4. COMPENSATED ABSENCES (continued)

Employees accumulate annual leave at a rate based on appointment date and length of continuous service. A maximum of 240 hours of annual leave may be carried forward after the pay period beginning in December and ending in January. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid annual leave as of the date of termination, up to a maximum of 240 hours.

Employees accumulate sick leave at a rate of 3.69 hours per pay period. There is no limit to the amount of sick leave that an employee may accumulate. State agencies are allowed to pay fifty percent of each employee's hourly rate for accumulated sick leave over 600 hours, up to 120 hours. Payment may be made only once per fiscal year at a specified pay period in either January or July. The Office has chosen to make such payments annually in January. Additionally, upon retirement, those employees with over 600 hours of accumulated sick leave have the option to convert 400 hours of such leave to cash at one half of their hourly rate. As of June 30, 2010, none of the Board's employees had 600 or more hours of sick leave accumulated.

Fair Labor Standards Act (FLSA) nonexempt employees accumulate compensation time at the rate of 1.5 times the number of hours worked, in excess of forty hours per week, based on their regular hourly rate. Exempt and classified employees who are FLSA exempt accumulate compensation time at the same rate as the number of hours worked. Exempt employees were precluded from carrying forward any unused compensation time into the next calendar year after December 31, 2003. Overtime must be pre-approved by management. Payment of this liability can be made by compensated leave time or cash payment.

Accrued compensated absences consist of accumulated annual leave, sick leave between 600 and 720 hours, and compensatory leave for employees, including the related employer's matching FICA and Medicare payroll taxes, per GASB Statement No. 16.

The changes in liabilities for compensated absences are as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>	<u>Due within one Year</u>
General Fund	\$ 15,800	\$ 14,306	\$ 17,348	\$ 12,758	\$ 12,758

NOTE 5. LEASES

Operating Leases

The Board is committed under lease for office space through December 15, 2017. 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, 2010 amounted to \$28,397 under operating leases. Future minimum lease payments for the operating lease are as follows:

<u>Year Ending June 30,</u>		<u>Amount</u>
2011	\$	29,440
2012		30,176
2013		20,608
2014		20,902
2015		21,270
2016-2018		<u>43,424</u>
	\$	<u>165,820</u>

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Notes to Financial Statements
June 30, 2010

NOTE 6. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

A. Plan Description

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

B. Funding Policy

Plan members are required to contribute 8.92 % of their gross salary. The Board is required to contribute 15.09% 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, 2010, 2009, and 2008 were \$23,506 \$31,456 and \$30,798 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 7. 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.

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Notes to Financial Statements
June 30, 2010

NOTE 7. POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The Board’s contribution to the RHCA for the years ended June 30, 2010, 2009, and 2008 were \$2,018, \$2,465, and \$2,415, respectively, which equal the required contributions for each year.

NOTE 8. INTERAGENCY TRANSFERS

The Board received the following inter-agency operating transfers from the New Mexico Department of Finance and Administration (DFA) during the fiscal year ended June 30, 2010.

<u>SHARE Fund</u>	<u>Account</u>	<u>Type of Funds transferred</u>	<u>Amount</u>
85300	499105	General Fund Appropriation	<u>\$ 323,400</u>

NOTE 9. DUE TO STATE GENERAL FUND

The amount due to the State General Fund at June 30, 2010 is made up of the following fiscal year reversions and stale dated warrants:

<u>Year Ending June 30,</u>	<u>Amount</u>
2006	\$ 20,037
2007	7,966
2008	36,405
2009	18,105
2010	68,097
Stale warrants	<u>424</u>
	<u>\$ 151,034</u>

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Notes to Financial Statements
June 30, 2010

NOTE 10. RISK MANAGEMENT

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Section 15-7-2 NMSA 1978 requires the General Services Department, Risk Management Division (RMD) to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state statutes have been passed which allow RMD to insure, self-insure or use a combination of both. Risk management expenditures for the Board are accounted for in the general fund. Any claims are processed through RMD. There are no pending or known threatened legal proceedings involving material matters to which the Board is a party.

NOTE 11. SUBSEQUENT PRONOUNCEMENTS

In December 2010 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for financial statements for periods beginning after December 15, 2011 with earlier implementation encouraged. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Board is analyzing the effect that this standard will have on the financial statements.

NOTE 12. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was recorded to correct for prior period errors in calculating the 2008 and 2009 reversion amounts. The adjustment resulted in an increase to beginning fund balance and decrease due to the state general fund by \$8,692 in the statement of revenues expenditures and changes in fund balances for the fiscal year ended June 30, 2010.

NOTE 13. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2010, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is July 11, 2012 which is the date on which the financial statements were available to be issued. No events were noted for adjustment or disclosure.

COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

**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***

The Honorable Hector H. Balderas
New Mexico State Auditor
and
The Public Employee Labor Relations Board
2929 Coors Blvd. NW Suite # 303
Albuquerque, New Mexico, 87120

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison of the general fund of the Public Employee Labor Relations Board (the Board), as of and for the year ended June 30, 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents, and have issued our report thereon dated July 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

We noted certain other instances of noncompliance that are required to be reported under *Government Auditing Standards* paragraph 5.14 and 5.16 and Section 12-6-5, NMSA, 1978, and which are described in the accompanying schedule as findings 2005-02, and 2007-01.

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

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

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
July 11, 2012

PART I – FINANCIAL STATEMENT FINDINGS AND RESPONSES

FS 2005-02 – Late Audit Report-(Other Matter)

Condition: The Board’s audit report for the year ended June 30, 2010 was not submitted to the State Auditor by the required due date of December 1, 2010. The audit report was submitted to the State Auditor on July 12, 2012.

Criteria: Audit reports for state agencies are due on or before the due date, December 1, according to New Mexico State Auditor regulations, Section 2.2.2.9A(1)(d)NMAC.

Effect: The Board is in noncompliance with financial reporting requirements established by state regulation. Timely financial statements were not available for the use of management or third party stakeholders.

Cause: The Board’s prior administration encountered extraordinary circumstances during October of 2010. The auditor conducting the FY10 audit died before he could complete the FY10 audit. A new auditor was not procured timely enough to complete the audit by the required due date.

Auditor’s Recommendation: We recommend that the Board procure an auditor by required deadline each year as prescribed by the New Mexico State Audit Rule published annually.

Agency’s Response: In addition to the death of the auditor conducting the FY10 audit the Board’s former Executive Director retired June 30, 2010 and the position remained unfilled for approximately four months. Although a replacement was appointed in October 2010, she was relieved of her duties as Executive Director in early January 2011 and the Board experienced further delay in proceeding with the FY10 audit and preparing for FY11 for that reason. The former Executive Director sought to return from retirement but that attempt prompted litigation for reasons that are not germane to this response but which left the Board once again effectively without an Executive Director until late August of 2011. Immediate action was then taken by the newly appointed Executive Director to re-bid contracts for an auditor, to attend training on audit rules and timetables conducted by the State Auditor’s Office and to come into compliance with financial reporting requirements established by state regulation. The Executive Director’s Administrative Assistant has been replaced and her replacement has also attended training by the State Auditor’s Office on audit standards and State regulations. A centralized, computerized calendaring system has been instituted and all deadlines pertaining to fiscal reporting and budget preparation are routinely posted with alarms in advance of the deadlines to better ensure compliance with audit report deadlines. As a result, the Board has retained an audit firm and FY10 and FY11 audits are nearing completion. The parties are on track to complete the FY12 audit on schedule.

FS 2007-01 – Payment of Prior Year Reversions-(Other Matter)

Condition: The Board did not remit its FY06 reversion of \$20,037, its FY07 reversion of \$7,966, its FY08 reversion of \$36,405, its FY09 reversion of \$18,105, and its FY10 reversion of \$39,098 to the State General Fund by the statutory deadline of September 30 of those respective years.

Criteria: Section 6-6-10, NMSA 1978 requires “all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30, to revert by September 30, to the general fund.” The Board’s FY06 – FY10 reversion should have been remitted by the due date, September 30, for each respective year.

Effect: When a state agency does not remit reversions to the State General Fund timely, the New Mexico Legislature does not have those funds available to re-appropriate them in the next year’s budget.

Cause: The Board’s prior administration did not perform the reversion calculation and make the payment

Auditor’s Recommendations: We recommend that the Board’s current administration remit reversions annually to the State General Fund per the Department of Finance and Administration (DFA) annual closing instructions to remit current year reversion by the required due date and work with DFA to remit prior year reversion amounts.

FS 2007-01 – Payment of Prior Year Reversions-(Other Matter)-(continued)

Agency Response:

The Board's Department of Finance and Administration Budget Analyst has been contacted for assistance with this problem and forms necessary completing past years reversions have been accessed and are in the process of completion. With the assistance of the past and current audit firm's calculations of reversions due, the reversions will be completed within a matter of weeks.

PART II – STATUS OF PRIOR YEAR FINDINGS

FS 2005-02 – Late Audit Report– Repeated

FS 2007-01 – Payment of Prior Year Reversions– Repeated

FS 2007-02 – Preparation of Financial Statements – Resolved

FS 2008-03 – Calculation of Current Year Reversion– Resolved

FS 2009-01 – Overexpenditure of a Budget Line Item– Resolved

STATE OF NEW MEXICO
Public Employee Labor Relations Board
Other Disclosures
June 30, 2010

OTHER DISCLOSURES

Exit Conference

An exit conference was held on July 11, 2012. The following individuals were in attendance.

Representing Public Employee Labor Relations Board

Thomas Griego	Executive Director
Terri Fresquez	Executive Administrative Assistant
Duff Westbrook	Board Chair

Representing Accounting & Consulting Group, LLP

Morgan Browning, CPA, CGFM Audit Manager

Auditor Prepared Financial Statements

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of the Board from the original books and records provide to them by the management of the Board. The responsibility for the financial statements remains with the Board.



www.acgnm.com