

**STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD**

Annual Financial Statements  
For the Year Ended June 30, 2016

## INTRODUCTORY SECTION

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
June 30, 2016

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STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Official Roster  
June 30, 2016

Board

Duff H. Westbrook	Board Chair
Roger E. "Bart" Bartosiewicz	Vice Chair
John Bledsoe	Board Member

Administrative Officials

Thomas Griego	Executive Director
Matthew Abousleman	Executive Administrative Assistant

FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

Timothy Keller  
New Mexico State Auditor  
and  
Chairman and Board Members  
The New Mexico Public Employee Labor Relations Board  
2929 Coors Blvd. NW, Suite # 303  
Albuquerque, New Mexico, 87120

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the general fund, and the budgetary comparison of the general fund of the New Mexico Public Employee Labor Relations Board (the Board), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the New Mexico Public Employee Labor Relations Board as of June 30, 2016, 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.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements of the Board are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities that are 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, 2016, and the changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Board's financial statements that collectively comprise the basic financial statements and the budgetary comparisons. The additional schedules listed as "supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 on our consideration of the Board's internal control over financial reporting and our tests of its

compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or 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.

A handwritten signature in cursive script that reads "Burt & Company CPAs, LLC". The signature is written in black ink and is positioned above the printed name of the firm.

Burt & Company CPAs, LLC

December 1, 2016



## BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Statement of Net Position  
June 30, 2016

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Investment in State Treasurer's General Fund Investment Pool	\$ 39,666
Other receivable	<u>-</u>
Total current assets	<u>39,666</u>
Total assets	\$ <u><u>39,666</u></u>
<b>Liabilities</b>	
Current liabilities:	\$
Accounts payable	1,990
Accrued payroll	18,713
Due to state general fund	18,963
Compensated absences	<u>10,332</u>
Total current liabilities	<u>49,998</u>
Total liabilities	<u>49,998</u>
<b>Net Position</b>	
Unrestricted net position	<u>(10,332)</u>
Total net position	<u>(10,332)</u>
Total liabilities and net position	\$ <u><u>39,666</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, 2016

	<u>Governmental Activities</u>
<b>Expenses:</b>	
<b>General government</b>	
Personnel services	\$ 166,585
Contractual services	5,992
Other costs	<u>45,257</u>
Total program expenses	217,834
 <b>General revenues</b>	
State and general fund appropriations	229,613
Reversions to State General Fund	<u>(11,779)</u>
Total general revenues	<u>217,834</u>
Change in net position	(1,318)
Net position - beginning of the year	<u>(9,014)</u>
Net position - end of the year	\$ <u>(10,332)</u>

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, 2016

	<u>General Fund</u>
<b>Assets</b>	
Investment in State Treasurer's General Fund Investment Pool	\$ 39,666
Other receivable	-
Total assets	\$ 39,666
 <b>Liabilities and Fund Balances</b>	
Liabilities:	
Accounts payable	\$ 1,990
Accrued payroll	18,713
Due to state general fund	18,963
Total liabilities	39,666
 Fund balances	
Spendable:	
Unassigned	-
Total fund balances	-
Total liabilities and fund balances	\$ 39,666

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 Position  
Governmental Funds  
June 30, 2016

Fund Balances - Governmental funds	\$	-
Total net position reported for governmental activities in the statement of net position is different because:		
Current compensated absences are not payable on June 30, 2016 and therefore are not reported in the fund statements		<u>(10,332)</u>
Total net position	\$	<u><u>(10,332)</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, 2016

	<u>General Fund</u>
<b>Expenditures:</b>	
<b>General government</b>	
Current	
Personnel services	\$ 166,585
Contractual services	5,992
Other costs	45,257
Total expenditures	217,834
Excess (Deficiency) of revenues over expenditures	(217,834)
<b>Other financing sources (uses)</b>	
State general fund appropriations	229,613
Reversions to State General Fund	(11,779)
Total other financing sources (uses)	217,834
<b>Net change in fund balance</b>	-
Fund balance - beginning of year	-
<b>Fund balance - end of year</b>	\$ -

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 to the Statement of Activities  
For the Year ended June 30, 2016

Net change in fund balance - Governmental funds	\$	-
The change in net position reported for governmental activities in the statement of activities is different because:		
Compensated absences increased by this amount during FY16		<u>(1,318)</u>
Change in Net Position	\$	<u>(1,318)</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 (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual (Non- GAAP Budgetary Basis) Basis	Variances Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		Final to Actual
Revenues:				
Miscellaneous revenue	\$ -	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
Personnel services and employee benefits	169,100	169,100	166,585	2,515
Contractual services	8,600	7,200	5,992	1,208
Other costs	<u>53,300</u>	<u>53,300</u>	<u>45,257</u>	<u>8,043</u>
Total expenditures	<u>231,000</u>	<u>229,600</u>	<u>217,834</u>	<u>11,766</u>
Excess (Deficiency) of revenues over expenditures	<u>(231,000)</u>	<u>(229,600)</u>	<u>(217,834)</u>	<u>11,766</u>
Other financing sources (uses)				
State general fund appropriations	231,000	231,000	229,613	(1,387)
Compensated appropriation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>231,000</u>	<u>231,000</u>	<u>229,613</u>	<u>(1,387)</u>
Net change in fund balances	\$ <u>-</u>	<u>1,400</u>	11,779	<u>10,379</u>
Reversion expenditure omitted from budget basis			<u>(11,779)</u>	
Net change in fund balance GAAP basis			\$ <u>-</u>	

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, 2016

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 accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to the agencies of the government. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2016, the Board adopted the following GASB Statements:

*GASB No. 72 – Fair Value Measurement and Application.* The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The statement did not have a material impact on the Board's financial statements.

*GASB No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement did not have a material impact on the Board's financial statements.

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 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 the establishment of procedures for:

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Notes to Financial Statements  
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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, No. 39, and No. 61, the Board had no component units as of June 30, 2016.

B. Government-Wide and Fund Financial Statements

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

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 Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

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

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Notes to Financial Statements  
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

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, 2016.

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, losses, assets, deferred outflows of resources, liabilities, and deferred inflows or resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Revenues, expenses, losses, assets, deferred outflows of resources, liabilities, and deferred inflows or resources resulting from nonexchange transactions should be recognized in accordance with GASB 33 and GASB 65. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

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

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Notes to Financial Statements  
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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

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.

D. Assets, Liabilities, and Net Position or Equity

Cash and Investments

For the fiscal year ended June 30, 2016, 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. State law requires the New Mexico Department of Finance and Administration to complete the reconciliations of balances and accounts kept by the New Mexico State Treasurer's Office. The Board does not have a separate bank account.

Capital Assets and Depreciation

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

Pursuant to Section 12-6-10 NMSA 1978, movable chattels and equipment costing more than \$5,000 are capitalized. Capital assets of the Board are depreciated using zero salvage value and the straight-line method over the assets estimated useful life. As of June 30, 2016 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' rights 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.

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Notes to Financial Statements  
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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

Compensated Absences (continued)

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 2017.

Pensions

The Board, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501.

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

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, 2016 the Board has no fund balance amounts.

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Notes to Financial Statements  
June 30, 2016

1. Summary of Significant Accounting Policies (continued)

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

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.

Net Position Classifications

Equity in the statement of net position is displayed in the following two components:

- 1) Restricted net position - This classification consists of net position 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 position as of June 30, 2016.
- 2) Unrestricted net position - This classification consists of all other net position that do not meet the definition of "restricted net position."

Estimates

The preparation of financial statements in accordance 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.

Funding

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

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Notes to Financial Statements  
June 30, 2016

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 1<sup>st</sup>, 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<sup>st</sup>, 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 for that program are accounted for in the Board's general fund.
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 accounts payable at June 30, 2016 that did not get paid within 31 days after the end of the fiscal year.
9. Any remaining SHARE fund 84800 balance not restricted for unexpended special or capital outlay multiple year appropriations, must revert to the New Mexico State general fund by September 30<sup>th</sup>, as required by Section 6-5-10, NMSA 1978.



STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Notes to Financial Statements  
June 30, 2016

2. Stewardship, Compliance and Accountability (continued)

Budgets and Budgetary Accounting (continued)

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

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. State law requires the New Mexico Department of Finance and Administration to complete the reconciliations of balances and accounts kept by the New Mexico State Treasurer's Office. The Board does not have a separate bank account.

At June 30, 2016, the Board had the following in pooled cash (Agency Code 37900; Fund Code 84800):

New Mexico State Treasurer's General Fund Investment Pool (SGFIP) \$39,666.

*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:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The New Mexico State Treasurer's General Fund Investment Pool is not rated.

For additional GASB Statement No. 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, 2016.

State General Fund Investment Pool (SGFIP) Not Reconciled

As of June 30, 2016 the State's general ledger book to bank reconciliation contains a significant number of unreconciled items. State law requires the New Mexico Department of Finance and Administration to complete the reconciliations of balances and accounts kept by the New Mexico State Treasurer's Office on a monthly basis. None of reconciling items pertain to the Board's transactions. The Board's controls to mitigate the effect of the statewide reconciliation issue include monthly reconciliations of the Board's SGFIP balance to ensure it is accurate.

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Notes to Financial Statements  
June 30, 2016

4. Compensated Absences

*Accrued Annual Leave:*

Pursuant to Section 10-9-4(K), NMSA 1978, both 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 vacation leave as follows:

Years of Service		Actual Rate Per Pay Period
At Least	Less Than	(In Hours)
0.0	3.0	4.62
3.0	7.0	5.54
7.0	14.0	6.46
14.0	Beyond	7.39

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, 2016, none of the Board’s employees had 600 or more hours of sick leave accumulated.

Under the 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. Overtime must be pre-approved by management. Payment of this liability can be made by compensated leave time or cash payment.

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PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Notes to Financial Statements  
June 30, 2016

4. Compensated Absences (continued)

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, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>	<u>Due Within One Year</u>
General Fund	\$ 9,014	9,836	8,518	10,332	10,332

5. Leases

Operating Leases

The Board is committed under a lease for office space through December 14, 2021. This lease is considered for accounting purposes to be an operating lease. Operating leases do not give rise to property rights or lease obligations; therefore, the results of operating leases are not reflected in the Board's capital assets. Lease expenditures for the year ended June 30, 2016 amounted to \$21,712 under operating leases. Future minimum lease payments for the operating lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 21,859
2018	22,300
2019	22,595
2020	22,890
2021	23,184
	\$ <u>112,828</u>

6. Pension Plan Public Employees Retirement Association

General Information about the Pension Plan

*Plan description.* The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay

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PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
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6. Pension Plan Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

*Benefits provided.* For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at: [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf).

*Contributions.* 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. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 31 through 32 of the PERA FY15 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf). The PERA coverage option that applies to the Board is State Plan 3. Statutorily required contributions to the pension plan were \$21,412 for the year ended June 30, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions:*

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calcu-

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6. Pension Plan Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

Calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The State of New Mexico's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts.

In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

Compliant with the requirements of Government Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for fiscal year ending June 30, 2016.

The Board, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA).

Disclosure requirements including schedules of required supplementary information and related notes for governmental funds apply to the primary government as a whole, and as such this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflow and outflow of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building 407 Galisteo Street, Santa Fe, New Mexico, 87501.

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 post-employment 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 govern-

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7. Post-Employment Benefits - State Retiree Health Care Plan (continued)

ment 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 post-employment 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](http://www.nmrhca.state.nm.us).

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

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

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7. Post-Employment Benefits - State Retiree Health Care Plan (continued)

30, 2016, 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, 2016, 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 contribution to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$2,521, \$2,511, and \$2,482, respectively, which equal the amount of the required contributions for each fiscal year.

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, 2016:

DFA		Board		Type of Funds Transferred	Amount
Agency No.	DFA Fund No.	Agency No.	Board Fund No.		
34100	85300	37900	84800	State General Fund Appropriations	\$ <u>229,613</u>
					\$ <u><u>229,613</u></u>

9. Due To State General Fund

The amount due to the State General Fund at June 30, 2016 is made up of the following fiscal year reversions and stale dated warrants:

<u>Year Ending June 30, 2016</u>	<u>Amount</u>
Stale warrants	\$ <u><u>18,963</u></u>

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PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
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June 30, 2016

10. Other Required Fund Disclosures

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

- A. Deficit fund balance/net position of individual funds. The following fund reflected a deficit fund balance or deficit net position as of June 30, 2016:  
  
None noted.
- B. Excess of expenditures over appropriations.  
  
None noted.
- C. Designated cash appropriations in excess of available balances. The following fund had designated cash appropriations in excess of available balances for the year ended June 30, 2016:  
  
None noted.

11. 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.

12. Subsequent Pronouncements

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016.

Earlier application is encouraged. The Board is still evaluating how this pronouncement will affect the Board.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not affect the Board's financial statements.



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PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Notes to Financial Statements  
June 30, 2016

12. Subsequent Pronouncements (continued)

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Board is still evaluating how this pronouncement will affect the financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Board will implement this standard during the fiscal year ended June 30, 2017. The Board is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 82 *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016, except for in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Board is still evaluating how this pronouncement will affect the financial statements.

13. Subsequent Events

The date to which events occurring after June 30, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 1, 2016, which is the date on which the financial statements were available to be issued. No subsequent events were noted.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)  
June 30, 2016

<i>RFB#/RFP# (if applicable)</i>	<i>Type of procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical address of vendor (city, state)</i>	<i>Did the vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief description of the scope of work</i>
There were no purchases that exceeded \$60,000 as of June 30, 2016								

## 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 *GOVERNMENT AUDITING  
STANDARDS*

INDEPENDENT AUDITORS' REPORT

Timothy Keller  
New Mexico State Auditor  
Chairman and Board Members  
The Public Employee Labor Relations Board  
2929 Coors Blvd. NW, Suite # 303  
Albuquerque, NM 87120

We have audited, 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, the financial statements of the governmental activities, the general fund, and the budgetary comparison of the general fund of the New Mexico Public Employee Labor Relations Board (the Board) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 1, 2016.

**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 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 Board's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and responses as items 2016-001.

### **Board's Responses to Findings**

The Board's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Board's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



Burt & Company CPAs, LLC

December 1, 2016

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Schedule of Findings and Responses  
June 30, 2016

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

- |                                                                                  |            |
|----------------------------------------------------------------------------------|------------|
| 1. Type of auditors’ report issued                                               | Unmodified |
| 2. Internal Control over Financial Reporting:                                    |            |
| a. Material weaknesses identified?                                               | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                     | Yes        |

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Schedule of Findings and Responses  
June 30, 2016

**SECTION II – FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**2016-001 Reversion to state General Fund (Other Matter/Compliance)**

Condition: Amount due to the State General Fund for \$11,779 has not been reverted as required by State Statute. The reversion occurred for the year ended June 30, 2016.

Criteria: New Mexico State Statute Section 6-5-10 requires that all unreserved, undesignated fund balance in reverting funds and accounts at year end shall revert by September 30 to the State General Fund. The division may adjust the reversion within ten days of release of the audit report for that fiscal year.

Effect: The Board is not in compliance with state statute.

Cause: The Board not reconciling its financial data on a timely basis caused the Board to not revert monies on a timely basis.

Recommendation: Recommend the Board comply with state statute requirements concerning reversions of monies to the State General Fund.

Response: The agency's Executive Director/CFO has reviewed the reversion timing requirements with Matt Abousleman, Operations Manager and the necessary reconciliation process for accurate accounting to determine the reversion. The agency believes this process which includes the CFO/Board reviewing the monthly reconciliations will allow for the meeting the reversion time deadline in the future.

**2016-002 Procurement Violation/ Late Report Submission (Other Non-Compliance)**

Condition: During completion of Independent Public Accountant (IPA) fieldwork, the IPA became aware that the agency did not fully obtain the required signatures for the audit contract, therefore, considered as a finding for a procurement violation for the audit work performed. The audited financial statements were submitted timely to the Office of the State Auditor's Office on December 1, 2016, but due to the final audit contract not received by OSA until December 14, 2016, the report is considered a late submission.

Criteria: New Mexico Administrative Code (NMAC); 2.2.2, NMAC, Audit Rule 2016 "*Requirements for Contracting and Conducting Audits of Agencies*" (2.2.2.8 NMAC) requires that once OSA notifies the agency as to the office's approval of the selected IPA and contract, the agency is responsible for getting the contract signed and sent to any oversight agencies, including DFA, for approval.

Effect: The Agency is not in compliance with the state statutes.

Cause: The Management did not follow through in obtaining the full proper authorization of the audit contract.



STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
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June 30, 2016

Recommendation: Recommend the Management comply with the state statute requirements concerning IPA audit contract.

Response: Because of the new online contract submittal process the agency had no prior experience with the process and did not allow sufficient time to obtain the necessary signatures and route copies as necessary. The agency is now fully aware of the process and expects to meet the required submission timing in the future

**SECTION III – STATUS OF PRIOR YEAR FINDINGS**

FS 2015-001 – Certification of Chief Procurement Officer – Resolved

FS 2015-002 – Expenditure in Excess of Budget – Resolved

STATE OF NEW MEXICO  
PUBLIC EMPLOYEE LABOR RELATIONS BOARD  
Other Disclosures  
June 30, 2016

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on December 1, 2016. The following individuals were in attendance.

**Representing Public Employee Labor Relations Board**

Thomas Griego	Executive Director
Roger E. "Bart" Bartosiewicz	Vice Chair
Matthew Abousleman	Executive Administrative Assistant

**Representing Burt & Company CPAs, LLC**

Ronald Schranz, CPA, CVA	Partner
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**Auditor Prepared Financial Statements**

Burt & Company CPAs, LLC 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.