

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

Annual Financial Statements
For the Year Ended June 30, 2017

INTRODUCTORY SECTION

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
June 30, 2017

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STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Official Roster
June 30, 2017

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

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

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 State of New Mexico Public Employee Labor Relations Board (the Board), as of and for the year ended June 30, 2017, 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 State of New Mexico Public Employee Labor Relations Board as of June 30, 2017, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017 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.


Burt & Company CPAs, LLC

October 30, 2017

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
Assets	
Current assets:	
Investment in State Treasurer's General Fund Investment Pool	\$ 24,960
Other receivable	<u>-</u>
Total current assets	<u>24,960</u>
Total assets	\$ <u><u>24,960</u></u>
Liabilities	
Current liabilities:	
Accrued payroll	\$ 7,269
Due to State General Fund	7,380
Compensated absences - current	<u>8,011</u>
Total current liabilities	22,660
Non-current liabilities:	
Compensated absences - non-current	<u>509</u>
Total non-current liabilities	<u>509</u>
Total liabilities	23,169
Net Position	
Unrestricted net position	<u>1,791</u>
Total net position	\$ <u><u>1,791</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, 2017

	<u>Governmental Activities</u>
Expenses:	
General government	
Personnel services	\$ 157,347
Contractual services	5,842
Other costs	<u>41,788</u>
Total program expenses	204,977
 General revenues	
State General Fund appropriations	213,700
Other financing sources	3,584
Reversions to State General Fund	<u>(184)</u>
Total general revenues	<u>217,100</u>
 Change in net position	 12,123
Net position - beginning of the year	<u>(10,332)</u>
 Net position - end of the year	 \$ <u><u>1,791</u></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, 2017

		<u>General Fund</u>
Assets		
Investment in State Treasurer's General Fund Investment Pool	\$	24,960
Other receivable		<u>-</u>
Total assets	\$	<u>24,960</u>
Liabilities and Fund Balances		
Liabilities:		
Accrued payroll	\$	7,269
Due to state general fund		<u>7,380</u>
Total liabilities		14,649
Fund balances		
Unassigned		<u>10,311</u>
Total fund balances		<u>10,311</u>
Total liabilities and fund balances	\$	<u><u>24,960</u></u>

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 of Governmental Funds
to the Statement of Net Position

June 30, 2017

Fund Balances - Governmental funds	\$	10,311
Total net position reported for governmental activities in the statement of net position is different because:		
Compensated absences are not due and payable on June 30, 2017 and therefore are not reported in the fund statements		<u>(8,520)</u>
Total net position	\$	<u>1,791</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, 2017

	<u>General Fund</u>
Expenditures:	
General government	
Current	
Personnel services	\$ 159,159
Contractual services	5,842
Other costs	41,788
Total expenditures	206,789
Excess (Deficiency) of revenues over expenditures	(206,789)
Other financing sources (uses)	
State general fund appropriations	213,700
Other financing sources	3,584
Reversions to State General Fund FY17	(184)
Total other financing sources (uses)	217,100
Net change in fund balance	10,311
Fund balance - beginning of year	-
Fund balance - end of year	\$ 10,311

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 Balances of Governmental Funds to the Statement of Activities
For the Year ended June 30, 2017

Net change in fund balance - Governmental funds	\$	10,311
The change in net position reported for governmental activities in the statement of activities is different because:		
Compensated absences changed by this amount during the fiscal year		<u>1,812</u>
Change in Net Position	\$	<u>12,123</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 and Actual
(Non-GAAP Budgetary Basis) - General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Non- GAAP Budgetary Basis) Basis	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
Revenues:				
Miscellaneous revenue	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
Personnel services and employee benefits	163,000	163,000	169,470	(6,470)
Contractual services	8,300	5,900	5,842	58
Other costs	54,800	48,384	41,788	6,596
Total expenditures	226,100	217,284	217,100	184
Excess (Deficiency) of revenues over expenditures	(226,100)	(217,284)	(217,100)	184
Other financing sources:				
State general fund appropriations	226,100	213,700	213,700	-
Other financing sources	-	3,584	3,584	-
Total other financing sources	226,100	217,284	217,284	-
Net change in fund balances	\$ -	-	184	184
RECONCILIATION TO GAAP BASIS:				
Payables			\$ 12,123	
Reversion for FY17			(184)	
Net change in fund balance GAAP basis			\$ 12,123	

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, 2017

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of the State of New Mexico Public Employee Labor Relations Board (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.

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:

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, 2017.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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.

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, 2017.

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 re-

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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

sulting 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.

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, 2017, 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.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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

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, 2017, 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.

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 2018.

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 Asso-

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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

Pensions (continued)

ciation (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. Investment 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 and Executive Branch's intent to be used for specific purposes, or in some cases, by legislation.

All revenue sources appropriated to the Board are subject to the restrictions placed on them by outside funding sources, provisions of enabling legislation and applicable statutes, and by the language of legislative awards appropriated to the Board. Currently, the Board has no fund balances that should be classified as unreserved or undesignated. Once the applicable conditions have been satisfied, remaining sources revert to the original funding source.

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

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

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

1. Summary of Significant Accounting Policies (continued)

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

Net Position Classifications (continued)

- 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, 2017.
- 2) Unrestricted net position - This classification consists of all other net position that do not meet the definition of "restricted net position." The unrestricted net position is due to recognition of compensated absences, which is uncorrectable in a reverting agency, and an adjustment for a liability in prior years, which was not substantiated.

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.

2. Stewardship, Compliance and Accountability

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

Funding

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

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 State of New Mexico 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.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

2. Stewardship, Compliance and Accountability (continued)

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

Budgets and Budgetary Accounting (continued)

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 1st, 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, 2017 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 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 modified accrual basis) to the net change in fund balance stated on the statement of revenues, expenditures and changes in fund balance.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

3. Investments in State Treasurer's General Fund Investment Pool

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

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

The comprehensive cash reconciliation model, which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources held by the State Treasurer's Office, is continuing. This process has been reviewed multiple times by the IPAs during the audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report. The reviews have deemed the process to be sound and the Board fully compliant with the requirements of the monthly process.

The purpose of this memo is to provide the following assertions:

1. As of June 30, 2017, resources held in the pool were equivalent to the corresponding business unit claims on those resources.
2. All claims are recorded in SHARE shall be honored at face value.

At June 30, 2017, the Board had the following invested in the General Fund Investment Pool:

Interest in the State General Fund Investment Pool	\$ 24,960
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Interest Rate Risk- The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk – The New Mexico State Treasurer pools are not rated. For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2017.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

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, 2017, 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.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

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:

	June 30, 2016	Additions	Deletions	June 30, 2017	Due Within One Year
General Fund	\$ 10,332	9,836	11,648	8,520	8,011

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, 2017 amounted to \$22,020 under operating leases. Future minimum lease payments for the operating lease are as follows:

Year Ending June 30,	Amount
2018	\$ 22,300
2019	22,595
2020	22,890
2021	23,184
2022	11,666
	\$ <u>102,635</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 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 divi-

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

6. Pension Plan Public Employees Retirement Association (continued)

General Information about the Pension Plan (continued)

sion. 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 <https://saonm.org/> using the Audit Report Search function for agency 366.

Funding Policy - Plan members are required to contribute 8.92% of their gross salary. The Board is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the Board are established in State statute under Chapter 10, Article II, 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, 2017, 2016, and 2015 were \$21,317, \$21,412, and \$21,322, respectively, which equal the amount of the required contributions for each fiscal year.

Pension Plan - Financial Reporting and Disclosure for Multiple-Employer Cost Sharing Pension Plans by Employers

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 inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico 87501.

Deferred Compensation

The State of New Mexico offers state, local government, and school district employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan is available to all state employees and those local government and school district employees whose employers have elected to participate in the plan. The plan permits participants to defer a portion of their salary until future years.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

6. Pension Plan Public Employees Retirement Association (continued)

Deferred Compensation (continued)

The deferred compensation plan is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are the property of the participant.

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 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 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.

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PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, 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, 2017, 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, 2017, 2016, and 2015 were \$2,509, \$2,521, and \$2,511, 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, 2017:

DFA		Board		Type of Funds Transferred	Amount
Agency	DFA	Agency	Board		
No.	Fund No.	No.	Fund No.		
34100	85300	37900	84800	State General Fund Appropriations	\$ 213,700
					\$ 213,700

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

9. Due To State General Fund

The amount due to the State General Fund at June 30, 2017 is made up of the following fiscal year reversions and stale dated warrants:

<u>Year Ending June 30, 2017</u>	<u>Amount</u>
Stale warrants FY 2011	\$ 7,184
Reversion FY 2017	184
Reversion FY 2016 and prior	<u>12</u>
	<u>\$ 7,380</u>

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, 2017:

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, 2017:

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.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

12. External Investment Pool (LGIP) - Amortized Cost

In December 2015, GASB issued statement No. 79 titled "Certain External Investment Pools and Pool Participants", which established criteria that, if met, permit external investment pools to elect to measure all of their investments at amortized cost for financial reporting purposes. If the external investment pool meets the criteria in GASB 79 and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at cost for financial reporting purposes.

As a pool participant, the Board measures their investments at cost for financial reporting purposes. The Office, as a state agency, holds its balances in the State General Fund Investment Pool, which is managed by the office of the New Mexico State Treasurer (STO). See additional disclosures on the separate audited financial statements. That report may be obtained by writing to the STO, P.O. Box 608, Santa Fe, NM 87504-0708.

13. New Accounting Standards

GASB 74

Governmental Accounting Standards Board Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans is intended to enhance the decision-usefulness of the financial reports of OPEB plans, their value for assessing accountability and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. GASB 74 basically parallels GASB 67 and replaces Statements No. 43 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. GASB 74 requires enhanced note disclosures and is effective for financial statements for fiscal years beginning after June 15, 2016 (FY 17). The Board adopted GASB Statement No. 74 during fiscal year 2017, with no significant impact to the Board's financial statements.

GASB 75

Governmental Accounting Standards Board Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. This statement applies to government employers who provide OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB 75 is effective for fiscal years beginning after June 15, 2017 (FY18). Management has not yet fully determined the impact of GASB 75.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

13. New Accounting Standards (continued)

GASB 82

Governmental Accounting Standards Board Statement No. 82 Pension Issues – an amendment of GASB Statement Nos. 67, 68, and 73, addresses certain issues that have been raised with respect to Statement Nos. 67, 68, and 73, related to covered payroll and payments made by the employer to satisfy contribution requirements. GASB 82 is effective for reporting periods beginning after June 15, 2016. The Board adopted GASB Statement No. 82 during fiscal year 2017, with no significant impact to the Board’s financial statements.

GASB 85

Governmental Accounting Standards Board Statement No. 85 Omnibus 2017 address practice issues identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (OPEB). GASB 85 is effective for fiscal years beginning after June 15, 2017 (FY18). Management has not yet fully determined the impact of GASB 85.

14. Change in Accounting Principle for Amounts Reverted to State General Fund

Section 6-5-10 NMSA 1978 requires that all unreserved undesignated fund balances in reverting funds and accounts as of June 30 shall revert by September 30 to the general fund. Historically, the Department of Finance and Administration’s (DFA) Year-End Deadlines policy (commonly referred to as ‘closing instructions’) required state agencies to record reversions to the state general fund not settled by June 30 to the “Due to State General Fund” liability account (234900) as of June 30 of each fiscal year end. The historical policy required state agencies to execute a transfer in the subsequent fiscal year to relieve the amount “Due to State General Fund” and reduce the agency’s “Investment in State General Fund Investment Pool”.

Pursuant to DFA’s ADDENDA TO ACCOUNTING POLICY STATEMENT FOUR – CUSTODIAL FUNDS dated July 14, 2017, DFA adopted a change of accounting policy applicable to all state agencies in fiscal year 2017 for amounts reverted to the state general fund. Under the new policy, DFA requires state agency reversions to the state general fund to be accounted for as both a reversion and a reduction in the reverting agency’s “Investment in State General Fund Investment Pool” as of June 30, using the State’s adjustment period, if the entry was processed by September 30, 2017. In accordance with the new policy, no “Due to State General Fund” liability is reported in the Board’s financial statements as of June 30, 2017 because the Board’s “Investment in State General Fund Investment Pool” balance has been reduced by the amount reverted to the state general fund. The current year reversion is \$184.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Notes to Financial Statements
June 30, 2017

15. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is October 30, 2017, which is the date on which the financial statements were available to be issued. No subsequent events were noted.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' 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*

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

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 State of New Mexico Public Employee Labor Relations Board (the Board) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 30, 2017.

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 governances.

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 2017-001, 2017-002, and 2017-003.

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

October 30, 2017

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Summary Schedule of Findings and Responses
June 30, 2017

Prior Year Findings

Status

2016-001 Reversion to State General Fund	Repeated as 2017-001
2016-002 Procurement Violation/Late Report Submission	Resolved

Current Year Findings

2017-001 (2016-001) Reversion to State General Fund

2017-002 Stale Dated Warrants

2017-003 Controls Over Expenditures

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Schedule of Findings and Responses
June 30, 2017

CURRENT YEAR FINDINGS

2017-001 (2016-001) Reversion to State General Fund (Other Non-Compliance)

Condition: Amounts due to the State General Fund for \$196 have not been reverted as required by State Statute. The reversion of \$184 is for the year ended June 30, 2017 and \$12 is for the year ended June 30, 2016. Management has fully implemented a process of timely reversions.

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 30th 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 is not reconciling its financial data on a timely basis which 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 the 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. The Executive Director/CFO is responsible for ensuring the reversion is submitted timely and expects this to be fully implemented in FY 18.

2017-002 Stale-Dated Warrants (Other Non-Compliance)

Condition: Agency is not in compliance with NMSA6-10-57, Cancellation of Warrants in the amount of \$7,184.

Criteria: Per NMSA 6-10-57 C, cancelled warrant shall revert and be credited back to the fund against which the warrant was drawn.

Effect: The Agency has stale-dated warrants which should have been reverted to the State General Fund.

Cause: The Agency was unaware of process regarding stale-dated warrants.

Recommendation: Agency should revert stale-dated warrants to State General Fund in accordance with state regulations.

Response: The Agency's CFO has reviewed the stale-dated warrants with the Operations Manager and will revert the monies back to the State General Fund in FY18.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Schedule of Findings and Responses
June 30, 2017

2017-003 Controls Over Expenditures – Finding that does not rise to the level of significant deficiency

Condition: Controls over expenditures had the following deficiencies:

- For two expenditures in the amount of \$602 of the twenty expenditures tested, there was not sufficient supporting documentation evidencing the transaction.
- For two expenditures in the amount of \$3,900 of the twenty expenditures tested, the expenditure was for the previous fiscal year and not accrued in accounts payable.
- For one expenditures in the amount of \$1,498 of the twenty expenditures tested, the expenditure did not have a purchase order as required.

Criteria: New Mexico Administrative Code (NMAC); 2.20.5, requires that model accounting practices established by the local government division are followed by authorized personnel. The Board does not have sufficient procedures to account for controls over expenditures.

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

Cause: The Board was not ensuring all transactions were properly supported and in compliance with regulations.

Recommendation: Recommend the Board comply with state statute requirements concerning controls over expenditures.

Response: The Agency's CFO and Operations Manager have developed procedures for generating electronic backup copies of all relevant procurement documents. These procedures will be fully implemented in FY18.

STATE OF NEW MEXICO
PUBLIC EMPLOYEE LABOR RELATIONS BOARD
Other Disclosures
June 30, 2017

OTHER DISCLOSURES

Exit Conference

An exit conference was held on October 30, 2017. The following individuals were in attendance.

Representing Public Employee Labor Relations Board

Thomas Griego	Executive Director
Roger E. "Bart" Bartosiewicz (telephonically)	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

The financial statements were prepared by Burt & Company CPAs, LLC with assistance provided by the Board's personnel. The Board is responsible for the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. The Board has reviewed and approved the financial statements and notes to the financial statements.