

**STATE OF NEW MEXICO**  
**JUVENILE PUBLIC SAFETY ADVISORY BOARD**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**(With Independent Auditor's Report Thereon)**

**FIDEL A. BERNAL, PC**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**ALBUQUERQUE, NEW MEXICO**

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STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
JUNE 30, 2010

STATE AUDITOR  
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STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY  
BOARD  
JUNE 30, 2010

OFFICIAL ROSTER

BOARD

Judy Dantis	Chair
Maria Stops	Member
Hugo Gomez	Member
Lee Ann McCracken	Member
Carlos Villanueva	Member

ADMINISTRATIVE OFFICIALS

Emili-Jon Gonzales	Executive Director
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**INDEPENDENT AUDITOR'S REPORT**

Hector H. Balderas  
New Mexico State Auditor  
and

Members of the Board of Directors  
Juvenile Public Safety Advisory Board  
3411 Pan American Fwy. NB  
Albuquerque, New Mexico 87107

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1A, the financial statements of the Juvenile Public Safety Advisory Board of New Mexico are intended to present the financial position and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the major fund and budgetary comparisons of the State of New Mexico that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2010, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the Board as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2010 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of the 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 7 are not a required part of the basic financial statements but are supplementary information required by the accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis. However, we did not audit the information and express no opinion on it. Additionally, the Board has not presented the Schedule of Performance Measures, which is not a required part of the basis financial statements, is required by 2.2.2 NMAC. Although required, the schedule does not affect the basic financial statements and therefore has no affect on our opinion.



December 3, 2010  
Fidel A. Bernal, P.C.

STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
Management's Discussion and Analysis  
June 30, 2010

As management of the State of New Mexico Juvenile Public Safety Advisory Board (the Board), we offer readers of the Board's financial statements this narrative overview and analysis of the Board's financial performance during the fiscal year ended June 30, 2010. Please read it in conjunction with the Board's financial statements, which follow this section.

Financial Highlights

- During the fiscal year the Board operated within the confines of the approved budget.

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditor's report, the basic financial statements of the Board, governmental fund statements, a reconciliation of governmental fund statements to the basic financial statements and required supplemental information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the Board report information of the Board using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Assets includes all of the Board's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Board's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Board and assessing the liquidity and financial flexibility of the Board.

All of the current year's revenues and expenses are accounted for in the Statement of Activities. This statement measures the success of the Board's operations over the past year.

The fund financial statements provide information about the Board's significant funds. Funds are used to track specific sources of funding and spending for the Board's activities. The Board operates with appropriations approved each year by the State Legislature.

Financial Analysis of the Board

The Statement of Net Assets and the Statement of Activities report information about the Board's activities in a way that will show the change in the Board's financial condition. These two statements report the net assets of the Board and the changes in them. One can think of the Board's net assets, the difference between assets and liabilities, as one way to measure financial health or financial position.

STATE OF NEW MEXICO  
 JUVENILE PUBLIC SAFETY ADVISORY BOARD  
 Management's Discussion and Analysis  
 June 30, 2010

CHANGE IN STATEMENT OF NET ASSETS

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Assets			
Investment account with State Treasurer	\$ 94,590	\$ 78,742	\$ 15,848
Interfund Receivables	81	0	81
Capital assets, net of accumulated depreciation	<u>0</u>	<u>10,463</u>	<u>(10,463)</u>
Total assets	<u>94,671</u>	<u>89,205</u>	<u>5,466</u>
Liabilities			
Current liabilities	94,671	78,742	15,929
Accrued compensated absences	<u>0</u>	<u>6,358</u>	<u>(6,358)</u>
Total liabilities	<u>94,671</u>	<u>85,100</u>	<u>9,571</u>
Net Assets			
Investment in capital assets	0	10,463	(10,463)
Unrestricted	<u>0</u>	<u>(6,358)</u>	<u>6,358</u>
Total net assets	<u>\$ 0</u>	<u>\$ 4,105</u>	<u>\$ (4,105)</u>

Assets include Investment account with State Treasurer of \$94,590, which increased \$15,848 over the prior year. The second component of assets is an interfund receivable for an overpayment to the General Services Department. The third component of assets is capital assets, including furniture and equipment. Capital assets decreased by \$10,463, the amount taken as depreciation for the current year plus the remaining cost basis in the assets when they were transferred over to the State of New Mexico. During the same period, liabilities increased by \$15,929 due to the decrease in accounts payable by \$2,473, a decrease in accrued payroll of \$250, and an increase in due to state general fund reversions of \$18,652. During this same period there was a decrease in compensated absences of \$6,358. The Board's net assets at the end of the year were \$0, a decrease of \$4,105 from the previous year. The decrease in net assets is due to the nature of the Board's operations where by the Board is funded by state appropriations and must return any unexpended appropriations at year end. The economic resource measurement focus requires the accrual of compensated absences and capital assets which normally effect net assets had no effect this year due to the termination of all employees at year end. The Board does not encumber funds for expenditures for products or services that have not been received because the appropriations for the year lapse at year end.

STATE OF NEW MEXICO  
 JUVENILE PUBLIC SAFETY ADVISORY BOARD  
 Management's Discussion and Analysis  
 June 30, 2010

CHANGE IN STATEMENT OF ACTIVITES

	<u>2010</u>	<u>2009</u>	<u>Change</u>
General government expenditure:			
Personnel services	\$ 175,525	\$ 300,625	\$ (125,100)
Contractual services	5,873	5,871	2
Other cost	<u>18,717</u>	<u>65,370</u>	<u>(46,653)</u>
Total general government expenditures:	200,115	371,866	(171,751)
Depreciation	<u>1,453</u>	<u>2,012</u>	<u>(559)</u>
Total Expenses	<u>201,568</u>	<u>373,878</u>	<u>(172,310)</u>
State General Fund			
Appropriations (Net transfers)	205,453	393,282	(187,829)
Miscellaneous revenue	<u>220</u>	<u>0</u>	<u>220</u>
Total Revenue	<u>205,673</u>	<u>393,282</u>	<u>(187,609)</u>
Change in Net Assets	(4,105)	19,404	(15,299)
Net Assets Beginning	<u>4,105</u>	<u>(15,299)</u>	<u>11,194</u>
Net Assets Ending	<u>\$ 0</u>	<u>\$ 4,105</u>	<u>\$ (4,105)</u>

During the 2010 fiscal year the Board's appropriations from the State were cut from the previous year resulting in a decrease in transfers of \$187,829. General government expenditures decreased during the fiscal year in the amount of \$171,751. As mentioned on the prior page, appropriations lapse at year end which caused the increase in net assets.

General Fund Budgetary Highlights

The State Legislature makes annual appropriations to the Board. Amendments to the budget require approval by the Budget Division of the Department of Finance and Administration. The Board had three budget adjustments during the year. Two as a result of legislation requiring all State Agencies to reduce their budgets by approximately 4.5% which is reflected as \$10,000 in the reversions and the other to move money from personnel services to other cost to cover the operating expenses. The Board operated within the budget as required by state statute.

In fiscal year 2010 the Board received an appropriation of \$224,400.00. This appropriation included personnel and employee benefits for the director and support staff, the audit contract and operating costs. In fiscal year 2011, the Board received an appropriation of \$25,000.00, solely for board member travel reimbursements. Effective July 1, 2010, CYFD assumed all fiscal and administrative responsibilities of the Board. All employees of the Board were terminated effective June 30, 2010. The previous director retired effective June 30, 2010, and the Governor appointed a CYFD employee to serve as the director for the Board.



STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
Management's Discussion and Analysis  
June 30, 2010

Legislative Changes

The Board was created by the legislature in 2009 when the Juvenile Parole Board Act, Chapter 32 (32a), Article 7, NMSA 1978, Section 32A-7-1 through 32A-7-9 was repealed and replaced by the Juvenile Public Safety Advisory Board, Act, Chapter 32 (32A), Article 7A, NMSA 1978, Sections 32a-7A-1 through 32A-7A-8. The Board is a special purpose entity, created to advise the Children, Youth and Families Department (CYFD) on supervised release (formerly parole) decisions, review of CYFD's activities in regards to juvenile justice (JJS) make recommendations to CYFD concerning JJS programs, visit JJS facilities and report to the Governor and the Secretary of CYFD on its finding regarding conditions relating to the care and treatment of youth assigned to the facilities. The Board is administratively attached to CYFD

Future Years

The Board expects to be funded through appropriations in future years.

Contacting The Board's Financial Staff

This financial report is designed to provide our, citizens with a general overview of the Board's finances and to demonstrate The Board's accountability for the money it receives. The Board has no knowledge of any facts, decisions, or conditions that would have a significant effect of Juvenile Public Safety Advisory Board's financial position or results of operations. If you have questions about this report or need additional financial information you may contact the Board at 3411 Pan American Freeway, Albuquerque, NM 87107.

STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
STATEMENT OF NET ASSETS  
June 30, 2010

<b>Assets</b>	
Investment account with New Mexico State Treasurer	\$ 94,590
Due from other State Agencies	81
	<hr/>
Total Assets	94,671
	<hr/>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Accounts payable	167
Accrued payroll	9,663
Due to state general fund reversions	84,841
	<hr/>
Total liabilities	94,671
	<hr/>
<b>Net Assets</b>	
	<hr/>
Total Net Assets	\$ -
	<hr/> <hr/>

See accompanying notes to the financial statements and accountant's report.

STATE OF NEW MEXICO  
 JUVENILE PUBLIC SAFETY ADVISORY BOARD  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2010

<b>Expenses</b>	
General government:	
Personnel services	\$ 174,724
Contractual services	5,873
Other costs	18,812
Depreciation	1,453
	<hr/>
Total expenses	200,862
	<hr/>
<b>General Revenues</b>	
State general fund appropriations	224,200
Miscellaneous	220
	<hr/>
Total general revenues	224,420
	<hr/>
Change in net assets before transfers	23,558
<b>Transfers</b>	
Reversions to state general fund	(18,652)
Capital assets transferred to State/CYFD	9,011
	<hr/>
Change in net assets	(4,105)
	<hr/>
Net assets, beginning of year	4,105
	<hr/>
Net assets, end of year	\$ -
	<hr/> <hr/>

See accompanying notes to the financial statements and accountant's report.

STATE OF NEW MEXICO  
 JUVENILE PUBLIC SAFETY ADVISORY BOARD  
 BALANCE SHEET  
 GOVERNMENT FUND  
 JUNE 30, 2010

<b>Assets</b>		
Investment account with New Mexico State Treasurer		\$ 94,590
Due from other state agencies		81
Total Assets		\$ 94,671
<b>Liabilities and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable		\$ 167
Accrued payroll		9,663
Due to state general fund reversions		84,841
Total liabilities		94,671
<b>Fund Balances</b>		
Unreserved-undesignated		-
Total fund balance		-
<b>AMOUNTS REPORTED IN STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:</b>		
Capital assets used in governmental activities are not financial resources		
Long-term liabilities applicable to the Board's activities are not due and payable in the current period and accordingly are not		
Net Assets-page 8		\$ -

See accompanying notes to the financial statements and accountant's report

STATE OF NEW MEXICO  
 JUVENILE PUBLIC SAFETY ADVISORY BOARD  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-GOVERNMENT FUND  
 GENERAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

<b>Expenditures</b>	
Current:	
Personnel services	\$ 181,083
Contractual services	5,873
Other costs	18,812
	<hr/>
Total Expenditures	205,768
	<hr/>
Excess (deficiency) of Revenue over Expenditures	(205,768)
 <b>Other financing sources (Uses)</b>	
State general fund appropriations	224,200
Miscellaneous revenue	220
Reversions to state general fund	(18,652)
	<hr/>
Total Other Financing Sources (Uses)	205,768
	<hr/>
Net Change in Fund Balance	-
Fund balance, beginning of year	-
	<hr/>
Fund balance, end of year	\$ -
	<hr/> <hr/>
<b>AMOUNTS REPORTED IN STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:</b>	
Change in fund balance	\$ -
Long-term liabilities applicable to the Board's activities are not due and payable in the current period and accordingly are not reported as fund liabilities	
Changes compensated absences	6,359
Capital assets used in governmental activities are not financial resources and therefore depreciation, purchases and dispositions are not reported in the funds	
Depreciation	(1,453)
Capital assets transferred to State/CYFD	9,011
	<hr/>
Change in net assets-page 9	\$ (4,105)
	<hr/> <hr/>

See accompanying notes to the financial statements and accountant's report.

STATE OF NEW MEXICO  
 JUVENILE PUBLIC SAFETY ADVISORY BOARD  
 STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 YEAR ENDED JUNE 30, 2010

	BUDGET Original	AMOUNTS Final	Actual Amounts Budgetary Basis	Variable Favorable (Unfavorable)
<b>Revenue</b>				
State general fund appropriations	\$ 224,200	\$ 224,200	\$ 224,200	\$ -
Total Revenue	224,200	224,200	224,200	-
<b>Expenditures</b>				
Current:				
Personnel services	202,600	196,522	181,083	15,439
Contract services	3,200	5,878	5,873	5
Other costs	18,400	21,800	18,812	2,988
Total Expenditures	224,200	224,200	205,768	18,432
Excess of revenue over (under) expenditures			18,432	(18,432)
<b>Other financing sources (uses)</b>				
Miscellaneous revenue	-	-	220	(220)
Due to other state agencies	-	-	(18,652)	(18,652)
Total Other Financing Sources (Uses)			(18,432)	(18,432)
Net change in fund balance			-	-
<b>FUND BALANCE-BEGINNING</b>	-	-	-	-
<b>FUND BALANCE-ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements and accountant's report

**STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the State of New Mexico Juvenile Public Safety Advisory Board (The Board) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of The Board's accounting policies are described below,

**A. Financial Reporting Entity transferred**

The Board was created by the Juvenile Parole Board Act, Chapter 32[32A], Article 7, NMSA 1978, Section 32A-7.1 through 32A-7.9. The Board is a special purpose entity, created to investigate applicants for parole, and to grant, deny or revoke parole. The three members of The Board are appointed by the Governor of New Mexico and serve six-year terms. These members have authority to make decisions, designate management, and significantly influence operation. They are accountable for fiscal matters. The Board is a component unit of the State of New Mexico, administratively attached to the Children, Youth and Families Department. These financial statements include all activities over which The Board is responsible. There are no component units of the Board.

In evaluating how to define the Board for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The first criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of *this* ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operation, and accountability for fiscal matters. A second criterion used in evaluating potential components units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Board, or whether the activity is conducted within the geographic boundaries of the Board.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationship, regardless of whether the Board is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief of each potential component unit addressed in defining the Board's reporting entity.

Included within the reporting entity:

All funds and functions which are under the Board's control and responsibility, including those which are included in the Board's reports to the New Mexico Department of Finance and Administration.

No other entities meet the criteria for inclusion in the reporting entity. The Board is part of the primary government of the State of New Mexico, and its financial data should be included with the financial data of the State. However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government.

**STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements GASB Statement No. 34**

The basic financial statements include both government-wide (based on the Board as a whole) and fund financial statements. The new reporting model focus is on either the Board as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities.

The Board has only governmental type activities. In the government-wide Statement of Net Assets, the governmental column reflects a full accrual, economic resources basis, which incorporates long-term assets as well as long-term debt obligations if any.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of applying FASB pronouncements issued after November 30, 1989 to business-type activities and to enterprise funds, subject to this same limitation. The Board did not have any business-type activities during the year ended June 30, 2010.

The government-wide Statement of Activities reflects both the gross and net cost per functional category, which is otherwise being supported by general government revenues. The Statement of Activities reduced gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. The Board includes only one function (general government). There are neither fiduciary funds nor component units, which are fiduciary in nature.

General Revenues (General Fund appropriation, transfers-in from other state agencies) normally cover the net cost (by function). Historically, the previous model did not summarize or present net cost by function or activity. This government-wide focus is more on the sustainability of the Board as an entity and the change in aggregate financial position. The fund financial statements are similar to the financial statements presented in the previous accounting model.

**C. Fund Accounting**

The Board uses funds to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The Board resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled. The various funds are grouped, in the financial statements of this report, into generic fund types and categories, as follows:

**GOVERNMENTAL FUND TYPES**

***General Fund*** -- The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.



**STATE OF NEW MEXICO**  
**JUVENILE PUBLIC SAFETY ADVISORY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting**

The term measurement focus is used to denote what is being measured and reported in the Board's operating statement. The government-wide financial statements of the Board are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Board is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on the Board's operating statement. The Board uses the full accrual basis of accounting for the government-wide financial statements. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The governmental funds use the current financial resource measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., both measurable and available. For this purpose, the Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**E. Budget and Budgetary Accounting**

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

1. Prior to September 1, The Board submits to State Budget-Financial control Division, Department of Finance and Administration (DFA), and the Legislative Finance Committee (LFC) and appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
2. Following their budget hearing with the Board, the DFA and the LFC prepare their own budget recommendations to the legislature.
3. Budget hearings are then scheduled before the finance committees of the New Mexico House of Representatives and Senate. The final outcome of these hearings is incorporated into the General Appropriations Act.
4. The Board then submits, on or before May 1, an annual operating budget request to the State Budget-Financial control division who reviews the request and subsequently approves the budget based upon the appropriation made by the legislature. All subsequent budget transfers and increases must be authorized by the Director of the State Budget-Financial Control Division.
5. Legal budget control for expenditures is by category of line item.

**STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budget and Budgetary Accounting (continued)**

6. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund. The budget of the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Per the General Appropriation Act, Laws of 2006, chapter 109, Section 3, Subsections O and N, the budgetary basis is modified accrual. However, there is a statutory exception. The budget is adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline per Section 6-10-4 NMSA 1978. Those accounts payable that do not get paid timely must be paid out of the next year's budget.
7. When the appropriations lapse, so does the authority for the budget. Encumbrances can no longer be charged to that budget. All unspent appropriations in the General Fund revert to the State General Fund.
8. Any adjustment to the appropriated budget must be submitted to DFA in the form of a budget adjustment request (BAR). The original budget for the Board for the year ended June 30, 2010, has not been amended.

**F. Use of Estimates**

Preparation of financial statements in conformity with GAAP required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**G. Investments**

The Board's funds are held on deposit with the State Treasurer's office.

**H. Capital Assets**

Capital assets are defined by statute as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets of the Board consist of office furniture, fixtures, and equipment and are recorded at historical cost. There are no infrastructure items. Depreciation is charges as an expense against operations and is computed using the straight-line method over the estimated useful life of the asset.

<u>Asset</u>	<u>Life/Years</u>
Vehicle	10
Computer equipment and software	5
Furniture and equipment	10

**STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Accrued Annual Leave**

Qualified employees accumulate annual leave to a maximum of 240 hours as follows:

<u>Years of Service</u>	<u>Hours Earned Per Pay Period</u>
To 3 Years	3.08
Over 3 to 7 Years	3.69
Over 7 to 11 Years	4.61
Over 11 to 15 Years	5.54
Over 15 Years	6.15

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination. All annual leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**J. Accrued Sick Leave**

Chapter 150, Laws of 1983 provides for the payment to employees for accumulated sick leave under certain conditions. Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 up to 120 hours in a fiscal year. However, the sick leave will be paid at fifty percent of the employee's regular hourly wage. At retirement, employees can receive fifty-percent payment for up to 400 hours for the hours over 600 hours for accumulated sick leave. Employees who terminate receive no payment for accumulated sick leave. Therefore, the only sick leave, which has been accrued, represents the hours earned at year-end over 600 hours. Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences. Accrued vested sick pay is recorded as a liability in the Statement of Net Assets. At June 30, 2010, there was no accrued sick leave in excess of 600 hours.

**K. Revenues and Expenses**

GAAP requires that revenues and expenses be distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Board's principal ongoing operations.

Operating expenses include the costs associated with carrying out the duties of the Board, administrative expenses and depreciation on capital assets. Revenues and expenses that do not meet these definitions would be reported as non-operating revenues and expenses. The Board did not have any non-operating revenues or expenses.

**L. Operating Revenues**

Operating revenues of the Board are budgetary allocations of the State General Fund.

**STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Reversions**

Revenues that have not been expended and are not appropriated for a period of longer than one year revert to the State General Fund. Accordingly, reversions have been recorded in the current year for State General Fund appropriations.

**N. Taxes**

The Board is exempt from federal and state income taxes.

**O. Use of Restricted Unrestricted Net Assets**

When an expense is incurred for purposes for which both a restricted and unrestricted net assets are available, the Board's policy is to apply unrestricted net assets first.

**2. INVESTMENT ACCOUNTS AND INVESTMENT POLICY**

The following is the investment account the Board has on Deposit with the New Mexico State Treasurer which represents the Board's interest in the State of New Mexico General Fund Investment Pool as reported by the New Mexico Department of Finance and Administration (DFA SHARE Fund No. 90600):

State Treasurer's reported balance	\$ 613,719
Less outstanding warrants	<u>519,129</u>
Total per financial statements	<u>\$ 94,590</u>

All investments of the Board are on deposit with the New Mexico State Treasurer upon which only the State Treasurer has withdrawal authority. State law requires that deposits in excess of federally insured amounts be collateralized at a minimum level of fifty percent, the State Treasurer monitors the collateral for all deposits held, which include the investments of the Board. Reports on compliance with this law may be obtained from the State Treasurer's Office. The Office of the State Treasurer has its own separate annual independent audit which the collateral pledged to secure these accounts is disclosed. That report may be obtained by contacting the State of New Mexico, State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0608. The Board is not permitted to have any investments, and the Board did not have any investments during the year ended June 30, 2010. The Board has no custodial risk in relation to such accounts. Any custodial risk belongs to the New Mexico State Treasurer.

**3. ACCOUNTS PAYABLE**

Accounts payable of \$167 represent expenditures for goods and services received or provided on or before June 30, 2010, but were not paid until after that date.

**4. SHORT TERM DEBT**

The Board has no short term debt activity.

**STATE OF NEW MEXICO  
 JUVENILE PUBLIC SAFETY ADVISORY BOARD  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010**

**5. CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2010
Capital assets being depreciated:				
Vehicle	\$ -	\$ -	\$ -	\$ -
Computer equipment	29,283	-	29,283	-
Furniture and equipment	23,805	-	23,805	-
Total capital assets being depreciated	<u>53,088</u>	<u>-</u>	<u>53,088</u>	<u>-</u>
Less accumulated depreciation				
Vehicle	-	-	-	-
Computer equipment	29,283	-	29,283	-
Furniture and equipment	13,341	1,453	14,794	-
Total accumulated depreciation	<u>42,624</u>	<u>1,453</u>	<u>44,077</u>	<u>-</u>
Capital assets being depreciated, net	<u>\$ 10,464</u>	<u>\$(1,453)</u>	<u>\$9,011</u>	<u>\$ -</u>

Current period depreciation expense was charged to the function of the primary government as follows:

Governmental Activities General \$ 1,453

Total depreciation expense governmental activities \$ 1,453

At the end of the current year the Board turned all of its capital assets over to the State of New Mexico who then turned the assets over to CYFD, due to cuts in funding and a change in the operations of the Board for the next fiscal year.

**6. COMPENSATED ABSENCES**

A summary of changes in accrued compensated absences is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in one year
Compensated Absences	\$ <u>6,358</u>	\$ <u>0</u>	\$ <u>6,358</u>	\$ <u>0</u>	\$ <u>0</u>

Compensated absences are liquidated from the General Fund.

**7. PERA PENSION PLAN**

**A. Plan Description**

The Board's full-time employees are eligible to participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P0 Box 2123, Santa Fe, New Mexico 87504-2123.

**STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**7. PERA PENSION PLAN (continued)**

**B. Funding Policy**

Plan members are required to contribute 7.42% (range from 4.0% to 16.3% depending on the division) of their gross salary. The Board is required to contribute 16.59% (range from 7.0% to 25.72% depending on the division) of the gross covered salary. The contribution requirements of plan members and the Board are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Board's contributions to PERA for the year ended June 30, 2010, 2009 and 2008 were \$19,119, \$36,812, and \$41,879, respectively, equal to the amount of the required contributions for the year.

**8. POST EMPLOYMENT BENEFITS**

The Retiree Health Care Act (ACT) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or out-of-pocket payments if eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers are institutions of higher education, school districts, or other entities participating in the public school insurance authority and state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Education Retirement Act, the Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act, or the Magistrate Retirements Act.

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 Retiree Health Care Act on the person's behalf unless that person retired before the employer's NMRHCA 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; or 2) retirees defined by the act who retired prior to July 1, 1990; and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each employee contributes to the fund an employee contribution in an amount equal to .65 percent of the employee's salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan.

**STATE OF NEW MEXICO  
 JUVENILE PUBLIC SAFETY ADVISORY BOARD  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2010**

**8. POST EMPLOYMENT BENEFITS (Continued)**

That report may be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd. NE, Suite 104, Albuquerque, New Mexico, 87107. For the fiscal year ended June 30, 2010, the Board remitted \$2,884 in employer contributions and \$1,642 in employee contributions to the Retiree Health Care Authority.

**9. RISK MANAGEMENT**

The Board's employees are covered by the public employee fidelity bond, insured through the State of New Mexico - General Service Department — Risk Management Division. The Risk Management Division (RMD) is responsible for the acquisition and administration of all insurance purchased by the state. Various statutes have been passed which allow the RMD to insure, self-insure or use a combination of both in all areas of insurance.

The insurance programs apply to all state agencies as defined in the Tort Claims Act. RMD provides coverage in the following areas:

1. Liability and civil rights protection for claims made by others against the state;
2. Coverage to protect the State's assets;
3. Fringe benefit coverage for the State's employees. However, Universities provide their group health programs.

**10. DFA SHARE FUND NO. 90600**

The Department of Finance and Administration (DFA) SHARE Fund No. 90600 is a Reverting Fund

**11. INTERAGENCY TRANSFERS**

The Board received inter-agency operating transfers from the NM Department of Finance and Administration (DFA) for general appropriations made by the NM State Legislature in the Laws of 2006. Each of the transfers was posted to the Board's General Fund account with NM Department of Finance and Administration. The following are the transfers that were made:

SHARE Fund	AGENCY NAME & NUMBER	TRANSFERS	
		In	Out
(1) 85300	Department of Finance and Administration (34100)	\$ 224,200	\$
(2) 85300	Department of Finance and Administration (34100)	220	
(3) 90600	Juvenile Public Safety Advisory Board (76500)		18,652
		<u>\$ 224,420</u>	<u>\$ 18,652</u>

- (1) State General Fund Appropriation
- (2) This amounts was due from the State General Fund to the Board for the overpayment of payroll benefits. Of the \$220, \$81 was still due to the Board at June 30, 2010.
- (3) Reversions to Agency # 34101, SHARE # 85300

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*

Hector H. Balderas,  
New Mexico State Auditor  
And  
Members of the Board of Directors  
Juvenile Public Safety Advisory Board  
3411 Pan American Fwy. NE  
Albuquerque, New Mexico 87107

We have audited the financial statements of the governmental activities, the major fund, and the budget comparison for the general fund of the Juvenile Public Safety Advisory Board (the Board), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting (item 08-1). 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.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 08-1.

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

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



December 3, 2010

**STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
INDEPENDENT AUDITORS' FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**PRIOR YEAR FINDINGS:**

08-1 Auditor Preparation of Financial Statements - Repeated

**CURRENT YEAR FINDINGS:**

**FINDINGS**

08-1 Auditor Preparation of Financial Statements

Condition

The Board does not have controls over the preparation of the financial statements which would prevent or detect a misstatement in the financial statements. The Board's employees and management lack the training and qualifications to apply generally accepted accounting principles in recording the Board's financial transactions and preparation of the financial statements.

Criteria

A system of internal control over financial reporting includes controls over financial statement preparation (including footnote disclosures). Employees and management need to have training and qualifications to apply generally accepted accounting principles in recording the Board's financial transactions and preparation of the financial statements. (SAO Rule 2.2.2.8.J.(4) and SAS 112)

Cause

The auditor prepared the audited financial statements (including footnote disclosures) because the Board's employees and management lack the proper training and qualifications to apply generally accepted accounting principles in recording the Board's financial transactions and preparation of the financial statements.

Effect

The financial statements (including footnotes) could have misstatements that are not discovered on a timely basis.

Recommendation

The Board should adopt policies and procedures for controls over financial statement preparation (including footnotes). Also the Board should invest in its employees and management so they may receive the proper training and qualifications to apply generally accepted accounting principles in recording the Board's financial transactions and preparation of the financial statements.

Agency Response:

The Board will consider adopting policies and procedures for controls over financial statement preparation (including footnotes).

**STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD  
REQUIRED DISCLOSURE  
JUNE 30, 2010**

**FINANCIAL STATEMENT PREPARATION**

The financial statements contained herein were primarily prepared from the original books and records of the Juvenile Public Safety Advisory Board as of June 30, 2010 by Fidel A. Bernal, P.C. Maintaining the audited entity's books and records is the responsibility of its management. Accordingly, management is responsible for ensuring that these books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that the Board's records are current and in balance.

**EXIT CONFERENCE**

Fidel A. Bernal, CPA, held an exit conference on December 10, 2010 with Carlos Villanueva, Member of the Board, Michelle George, Executive Director of the Juvenile Public Safety Advisory Board, and Richard Crespín, Acting Director of Administrative Services for CYFD. The findings were discussed.