

**STATE OF NEW MEXICO**

**JUVENILE PUBLIC SAFETY  
ADVISORY BOARD**

**Financial Statements**

**Year Ended June 30, 2012**

**(With Independent Auditors' Report Thereon)**



*Barraclough & Associates, P.C.*  
Certified Public Accountants & Consultants

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

**TABLE OF CONTENTS**

**June 30, 2012**

	<u>Page</u>
Official Roster	1
Independent Auditors' Report	2-3
Management's Discussion and Analysis	4-7
Statement of Net Assets	8
Statement of Activities	9
Balance Sheet – Governmental Fund	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund	11
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	12
Notes to Financial Statements	13-24
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Accounting Standards</i>	25-26
Schedule of Findings and Responses	27
Exit Conference	28

STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD

OFFICIAL ROSTER

June 30, 2012

BOARD

Ron Lucero	Chair
Vacant	Member
Hugo Gomez	Member
Lee Ann McCracken	Member
Carlos Villanueva	Member

ADMINISTRATIVE OFFICIALS

Michelle George	Executive Director
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"27 Years of Excellence"



*Barracough & Associates, P.C.*  
Certified Public Accountants & Consultants

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[ba@barracough.com](mailto:ba@barracough.com)

**Principals**  
John E. Barracough, Jr., C.P.A.  
Annette V. Hayden, C.P.A.  
Sandra M. Shell, C.P.A./A.B.V., C.V.A.

**Managers**  
Douglas W. Fraser, C.P.A.  
Laura Parker, C.P.A.  
Rick W. Reynolds, C.P.A.  
Katherine M. Rowe, C.P.A.  
Rhonda G. Williams, C.P.A.

## INDEPENDENT AUDITORS' REPORT

Mr. 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, NM 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) for the year ended June 30, 2012, 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 1, 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, 2012, 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, 2012, 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 5, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink, appearing to read "Benjamin J. Hancock C.S.", is centered on the page. The signature is written in a cursive style with a large initial 'B' and 'H'.

December 5, 2012

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

**Management's Discussion and Analysis  
(Unaudited)**

**June 30, 2012**

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, 2012. Please read the Board's financial statements, which follow this section, conjunction with this narrative.

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 (Continued)  
(Unaudited)**

**June 30, 2012**

CHANGE IN STATEMENT OF NET ASSETS

	<u>2012</u>	<u>2011</u>	<u>Change</u>
Assets			
Investment account with State Treasurer	\$ 35,723	\$ 88,164	\$ (52,441)
Interfund Receivables	-	-	-
Capital assets, net of accumulated depreciation	-	-	-
Total Assets	<u>35,723</u>	<u>88,164</u>	<u>(52,441)</u>
Liabilities			
Current Liabilities	\$ 35,723	\$ 88,164	\$ (52,441)
Accrued compensated absences	-	-	-
Total Liabilities	<u>35,723</u>	<u>88,164</u>	<u>(52,441)</u>
Net Assets			
Investment in capital assets	-	-	-
Unrestricted	-	-	-
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Assets include Investment account with State Treasurer of \$35,723, which decreased by \$52,441 over the prior year. During the same period, liabilities increased by \$545 and the due to the state general fund decreased by \$52,986, for a net decrease of \$52,441. The Board's net assets at the end of the year were \$0, which is the same as the previous year. There is no change in net assets due to the nature of the Board's operations, whereby, 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 but had no effect this year due to the termination of all employees in the prior year. 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 (Continued)  
(Unaudited)**

**June 30, 2012**

CHANGE IN STATEMENT OF ACTIVITIES

	2012	2011	Change
Government activities:			
Personnel services	\$ -	\$ -	\$ -
Contractual services	1,750	-	1,750
Other cost	6,115	5,619	496
Depreciation	-	-	-
Total governmental activities	7,865	5,619	2,246
General Revenues:			
State General Fund Appropriations	24,100	24,100	-
Miscellaneous	-	-	-
Total general revenue	24,100	24,100	-
Transfers			
Reversions to state general fund	(16,235)	(18,481)	2,246
Net transfers	(16,235)	(18,481)	2,246
Change in net assets	-	-	-
Net assets, beginning of year	-	-	-
Net assets, end of year	\$ -	\$ -	\$ -

In fiscal year 2012, the Board received an appropriation of \$24,100, solely for board member travel reimbursements and financial audit services. 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.

General Fund Budgetary Highlights

The Board operated within the budget as required by state statute.



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

**Management's Discussion and Analysis (Continued)  
(Unaudited)**

**June 30, 2012**

Legislative Highlights

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-78-1 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

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**

Exhibit A

**Statement of Net Assets**

**June 30, 2012**

**ASSETS**

Investment account with New Mexico State Treasurer	<u>\$ 35,723</u>
Total Assets	<u><u>\$ 35,723</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:

Accounts payable	\$ 911
Due to State General Fund	<u>34,812</u>
Total liabilities	35,723

**NET ASSETS**

Total net assets	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of this financial statement.

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

Exhibit B

**Statement of Activities**

**Year Ended June 30, 2012**

<b>Expenses</b>	
General government:	
Contractual services	\$ 1,750
Other costs	<u>6,115</u>
Total expenses	<u>7,865</u>
 <b>General revenues</b>	
State general fund appropriations	<u>24,100</u>
Total general revenues	<u>24,100</u>
Change in net assets before transfers	16,235
 <b>Transfers</b>	
Reversions to state general fund	<u>(16,235)</u>
Net assets, beginning of year	<u>-</u>
Net assets, end of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this financial statement.

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

Exhibit C

**Balance Sheet  
Governmental Fund**

**June 30, 2012**

	General Fund
<b>ASSETS</b>	
Investment account with New Mexico State Treasurer	\$ 35,723
Total assets	<u>35,723</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable	\$ 911
Due to State General Fund	<u>34,812</u>
Total liabilities	35,723
Fund balance	
Unreserved-undesignated	<u>-</u>
Total fund balance	<u>-</u>
Total fund balance and liabilities	<u>\$ 35,723</u>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD

Exhibit D

Statement Of Revenues, Expenditures And Changes In Fund Balances  
Governmental Fund  
General Fund

Year Ended June 30, 2012

<b>Expenditures</b>	
Current:	
Contractual services	\$ 1,750
Other costs	<u>6,115</u>
Total expenditures	<u>7,865</u>
Excess (deficiency) of revenue over expenditures	(7,865)
<b>Other financing sources (uses)</b>	
State general fund appropriations	24,100
Reversions to State General Fund	<u>(16,235)</u>
Total other financing sources (uses)	<u>7,865</u>
Net change in fund balance	-
Fund balance, beginning of year	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this financial statement.

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

Exhibit E

**Statement Of Revenue, Expenditures And Changes In Fund Balance  
Budget and Actual**

**Year Ended June 30, 2012**

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Approved Budget	Final Approved Budget	Actual	
<b>Revenues</b>				
State general fund appropriations	\$ 24,100	\$ 24,100	\$ 24,100	\$ -
<b>Total revenues</b>	<u>24,100</u>	<u>24,100</u>	<u>24,100</u>	<u>-</u>
<b>Expenditures</b>				
Current:				
Contractual services	3,800	3,800	1,750	2,050
Other costs	20,300	20,300	6,115	14,185
<b>Total expenditures</b>	<u>24,100</u>	<u>24,100</u>	<u>7,865</u>	<u>16,235</u>
<b>Excess of revenue over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>16,235</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
State general fund reversions	-	-	(16,235)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>(16,235)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance-beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance-ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements and accountants' report.

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

**Notes to the Financial Statements**

**June 30, 2012**

**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 independency. 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 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 report to the New Mexico Department of Finance and Administration.

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

**Notes to the Financial Statements (Continued)**

**June 30, 2012**

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

**A. Financial Reporting Entity Transferred (Continued)**

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.

**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, 2012.

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.



STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD

Notes to the Financial Statements (Continued)

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**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.

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

**Notes to the Financial Statements (Continued)**

**June 30, 2012**

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

**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.
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 Appropriations Act, Law of 2011, 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 adjustments 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, 2012, has not been amended.

STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD

Notes to the Financial Statements (Continued)

June 30, 2012

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

**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**

The Board does not have any capital assets.

**I. 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.

**J. Operating Revenues**

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

**K. 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.

**L. Use of Restricted and Unrestricted Net Assets**

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

STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD

Notes to the Financial Statements (Continued)

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**M. Fund Equity**

The Board follows GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the Board's net assets. Spendable fund balance is shown by the most binding constraint, which is restricted by an external resource or enabling legislation. Beginning with the most binding constraints, fund balance amounts are reported in the following classifications:

**Restricted.** Amounts can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The Board's general fund is a reverting fund and there is no ending fund balance.

**Committed.** Amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority, which is the Board of Directors.

**Assigned.** Amounts intended to be used by the Board for specific purposes, but that do not meet the criteria to be classified as restricted or committed.

**Unassigned.** The residual classification for the Board's general fund. This includes all amounts not contained in the other classifications.

**N. Net Assets**

The government-wide Fund Financial Statements utilize a net asset presentation. Net Assets are categorized as investment in capital assets, restricted and unrestricted.

Investment in Capital Assets – is intended to reflect the portion of net assets which are associated with non-liquid, capital assets.

Restricted Assets – are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, or granting agency) limitation on their use.

Unrestricted Assets – represent unrestricted liquid assets. Unrestricted deficit results mainly from the recording of the compensation absences liability for which future state appropriations will pay the liability.

STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD

Notes to the Financial Statements (Continued)

June 30, 2012

2. NEW MEXICO STATE TREASURER INVESTMENT POOL

Interest in the General Fund Investment Pool

State law (Section 8-6-3 NMSA 1978) requires the Board's cash be managed by the New Mexico State Treasurer's Office. Accordingly, the investments of the Board consist of an interest in the General Fund Investment Pool managed by the New Mexico State Treasurer's Office.

The balance in the New Mexico State Treasurer's State Investment Pool: \$ 35,723

The State Treasurer invests excess cash balances on behalf of certain earmarked funds of state agencies identified by state statute and local governments. Interest earnings are distributed based on average outstanding cash balances for local governments and the state agencies where interest is allowed to be earned. All other interest earnings are transferred to the State General Fund.

The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institution's operating results and capital. Collateral for the fiscal agent account is required in amounts equal to 50% of the average investment balance.

The Board follows GASB 40, *Deposit and Investment Risk Disclosures*. GASB 40 requires certain disclosures when balances with financial institutions exceed depository insurance. The Board does not have credit quality, Deposit Custodial Credit, Security Custodial Credit, Concentration of Credit, or Foreign Currency Risks.

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 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.

For additional GASB 40 disclosure information regarding cash held by the State Treasurer, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2012.

STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD

Notes to the Financial Statements (Continued)

June 30, 2012

2. NEW MEXICO STATE TREASURER INVESTMENT POOL (CONTINUED)

General Fund Investment Pool Not Reconciled

In June 2012, an independent expert diagnostic report revealed that the General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human resources, Accounting, and Management Reporting System (SHARE) system in July of 2006. The Diagnostic report is available in the Resources section of the Cash Control page of the New Mexico Department of Finance & Administration's website at: [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx). The document title is Current State Diagnostic of Cash Control.

The General Fund Investment Pool is the State of New Mexico's main operating account. State revenues such as income taxes, sales taxes, rents and royalties, and other recurring revenues are credited to the General Fund Investment Pool. The fund also comprises numerous State agency accounts whose assets, by statute (Section 8-6-3 NMSA 1978), must be held at the State Treasury.

As of June 30, 2012, the General Fund Investment Pool has not been reconciled at the business unit/fund level. Essentially, independent, third-party verification/confirmation of the New Mexico Juvenile Public Safety Advisory Board's balances at the business unit/fund level is not possible.

Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) is taking aggressive action to resolve this serious problem. DFA/FCD has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

The purpose of the Remediation Project is to design and implement the changes necessary to reconcile the General Fund Investment Pool in a manner that is complete, accurate, and timely. The Remediation Project will make changes to the State's current SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. DFA/FCD management believes that these changes will allow for the completion of a timely and accurate reconciliation on a point-forward basis only. The scheduled implementation date for the changes associated with the Remediation Project is February 1, 2013. An approach and plan to address the population of historical reconciling items will be developed during the Remediation Project, but a separate initiative will be undertaken to resolve the historical reconciling items.

The initial phase of the Remediation Project, completed on October 11, 2012, focused on developing a project plan and documenting current statewide business processes. The work product of the initial phase of the Remediation Project is a document entitled Cash Management Plan and Business Processes. This document is available on the Cash Control page of the New Mexico Department of Finance & Administration's website at: [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx).

DFA/FCD is responsible to reconcile the General Fund Investment pool by State law (Section 6-5-9 NMSA 1978).

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

**Notes to the Financial Statements (Continued)**

**June 30, 2012**

**2. NEW MEXICO STATE TREASURER INVESTMENT POOL (CONTINUED)**

General Fund Investment Pool Not Reconciled (Continued)

The Board believes the impact of the cash reconciliation does not have a material impact on its financial statements since the main source of cash is the annual state appropriation and has internal controls to properly recorded its expenditures. Any unspent balance from the annual state appropriation reverts to the State General Fund. The effect of adjustments to the Board's financial statements, if any, from the reconciliation of the General Fund Investment pool cannot be determined.

**3. ACCOUNTS PAYABLE**

Accounts payable of \$911 represent expenditures for goods and services received or provided on or before June 30, 2012, but were not paid until after that date.

**4. SHORT TERM DEBT**

The Board has no short term debt activity.

**5. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

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

*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, 2012, 2011, and 2010 were \$0, \$0, and \$19,119 respectively, equal to the amount of the required contributions for the year.

STATE OF NEW MEXICO  
JUVENILE PUBLIC SAFETY ADVISORY BOARD

Notes to the Financial Statements (Continued)

June 30, 2012

**6. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

*Plan Description.* The New Mexico Juvenile Public Safety Advisory 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 basis life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute requires each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee is required to contribute .917% of their salary. In the fiscal year June 30, 2013 the contribution rate for employees and employers will rise as follows:



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

**Notes to the Financial Statements (Continued)**

**June 30, 2012**

**6. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

For employees who are not members of an enhanced retirement plan the contribution rate will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The Board's contributions to the RCHA for the fiscal years ended June 30, 2012, 2011 and 2010 were \$0, \$0, and \$2,884, respectively, which equal the required contributions for each year.

**7. RISK MANAGEMENT**

The Board's employees are covered by the public employee fidelity bond, insured through the State of New Mexico – General Services 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 benefits coverage for the State's employees. However, Universities provide their group health programs.

**8. DFA SHARE FUND NO. 90600**

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

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

**Notes to the Financial Statements (Continued)**

**June 30, 2012**

**9. INTERAGENCY TRANSFERS AND DUE TO STATE GENERAL FUND**

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

SHARE Fund	Agency Name and Number	Transfers	
		In	Out
(1) 85300	Department of Finance and Administration (34100)	\$ 24,100	\$ -
(2) 90600	Juvenile Public Safety Advisory Board (76500)	-	(16,235)
		\$ 24,100	\$ (16,235)

- (1) State General Fund Appropriations
- (2) Reversions to Agency #34101, SHARE #85300

The due to State General Fund of \$34,812 consists of reversions owed to the State General Fund. Since the 2011 audit was so late, that reversion was not required to be paid until the 2013 fiscal year.

**10. SUBSEQUENT EVENTS**

The Board has evaluated subsequent events through December 5, 2012, which is the date the financial statements have been issued and have determined no subsequent events require disclosure or adjustment to the financial statements.



*Barracough & Associates, P.C.*  
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**Principals**  
John E. Barracough, Jr., C.P.A.  
Annette V. Hayden, C.P.A.  
Sandra M. Shell, C.P.A./A.B.V., C.V.A.

**Managers**  
Douglas W. Fraser, C.P.A.  
Laura Parker, C.P.A.  
Rick W. Reynolds, C.P.A.  
Katherine M. Rowe, C.P.A.  
Rhonda G. Williams, C.P.A.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT TO FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Mr. 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, NM 87107

We have audited the financial statements of the governmental activities, the major fund, and the budget comparison for the general fund for the Juvenile Public Advisory Board (Board), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Board is responsible for maintaining effective 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 internal control over financial reporting that might be deficiencies, significant or material weaknesses. We did not identify any deficiencies internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 and 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.

A handwritten signature in black ink, appearing to read "B. ... P.C.", is written in a cursive style.

December 5, 2012

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

**SCHEDULE OF FINDINGS AND RESPONSES**

**JUNE 30, 2012**

**PRIOR YEAR FINDINGS**

08-01	Auditor Preparation of Financial Statements	Resolved
11-01	Late Audit Report	Resolved
11-02	Reversions Late Payment	Resolved

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

**EXIT CONFERENCE**

**JUNE 30, 2012**

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on December 14, 2012 to discuss the current report. Those individuals in attendance were as follows:

New Mexico State Juvenile Public Safety Advisory Board

Ron Lucero	Board Member
Annette Romero	CYFD ASD Deputy Director
Heidi Alvarez-Lynn	Fiscal Coordinator
Victor Herrera	Fiscal Coordinator

Barraclough & Associates, P.C.

Douglas W. Fraser	Senior Audit Manager
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The financial statements were prepared by the Board with assistance provided by Barraclough & Associates, P.C.'s personnel. The Board is responsible for the fair presentation of the financial statements.