

STATE OF NEW MEXICO

**JUVENILE PUBLIC SAFETY
ADVISORY BOARD**

Financial Statements

Year Ended June 30, 2015

(With Independent Auditors' Report Thereon)



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

STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD

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June 30, 2015

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STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD

OFFICIAL ROSTER

June 30, 2015

BOARD

Doris Garcia	Member
Hugo Gomez	Member
Gregoria Rirou	Member
Anna Liese	Member

ADMINISTRATIVE OFFICIAL

Heidi Alvarez-Wynn	Executive Director
--------------------	--------------------

"30 Years of Excellence"

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

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.
Rhonda G. Williams, C.P.A.
Katherine M. Rowe, C.P.A.

Managers

Douglas W. Fraser, C.P.A.
Laura Parker, C.P.A.
Rick W. Reynolds, C.P.A.

INDEPENDENT AUDITORS' REPORT

Mr. Timothy Keller
New Mexico State Auditor
and
Members of the Board of Directors
Juvenile Public Safety Advisory Board
3411 Pan American Fwy. NE
Albuquerque, NM 87107

Report on Financial Statements

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 (the Board), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Auditors' Responsibility (Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Board as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements of Juvenile Public Safety Advisory Board (the Board) are intended to present the net position and the changes in net position of only that portion of the governmental activities, the major fund and the budgetary comparison statement for the general fund that are attributable to the transactions of the Board. They do not purport to, and do not, present fairly the net position of the State of New Mexico as of June 30, 2015, and the changes in its net position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2015 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* in considering the Board's internal control over financial reporting and compliance.



Barraclough & Associates, P.C.
Santa Fe, NM
November 6, 2015

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

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

June 30, 2015

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, 2015 . Please read the Board's financial statements, which follow this section, in 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.

As disclosed in Note 6, the State of New Mexico implemented GASB 68, *Accounting and Financial Reporting for Pensions*, only in the statewide Comprehensive Annual Financial Report (CAFR) and did not impact the Board's 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 Position 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 Position 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 position, 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, 2015

	2015	2014	Change
Assets			
Investment account with State Treasurer	\$ 1,850	\$ 2,821	\$ 971
Total assets	\$ 1,850	\$ 2,821	\$ 971
Liabilities			
Current liabilities	\$ 1,850	\$ 2,821	\$ 971
Total liabilities	\$ 1,850	\$ 2,821	\$ 971
Net Position	\$ -	\$ -	\$ -

The only asset is the investment account with State Treasurer of \$1,850, which decreased by \$971 since the prior year. During the same period, liabilities decreased by \$971 and the due to the state general fund increased by \$281. There is no change in net position 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 affect net position but had no effect this year since the Board has no employees or capital assets. 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, 2015

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Government activities:			
Personal services and fringe benefits	\$ -	\$ -	\$ -
Contractual services	4,700	4,500	200
Other cost	9,003	9,484	(481)
Total government activities	<u>13,703</u>	<u>13,984</u>	<u>(281)</u>
General Revenues:			
State General Fund Appropriations	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total general revenue	15,000	15,000	-
Transfers			
Reversions to state general fund	<u>(1,297)</u>	<u>(1,016)</u>	<u>281</u>
Net transfers	<u>(1,297)</u>	<u>(1,016)</u>	<u>281</u>
Change in net position	-	-	-
Net position beginning	<u>-</u>	<u>-</u>	<u>-</u>
Net position ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In fiscal year 2015, the Board received an appropriation of \$15,000, solely for board member travel reimbursements and financial audit services. CYFD performs all fiscal and administrative responsibilities of the Board. All employees of the Board were terminated effective June 30, 2010.

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, 2015

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. The 2016 fiscal year appropriation is \$15,000.

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 Position

June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Investment account with New Mexico State Treasurer	\$ 1,850
Total Assets	<u>\$ 1,850</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Accounts payable	\$ 553
Due to State General Fund	<u>1,297</u>
Total liabilities	<u>1,850</u>
NET POSITION	<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 B

Statement of Activities

Year Ended June 30, 2015

	<u>Governmental Activities</u>
Expenses	
General government:	
Personal services and fringe benefits	\$ -
Contractual services	4,700
Other costs	<u>9,003</u>
Total expenses	<u>13,703</u>
General revenues	
State general fund appropriations	<u>15,000</u>
Total general revenues	<u>15,000</u>
Change in net position before transfers	1,297
Transfers	
Reversions to state general fund	1,297
Net position, beginning of year	<u>-</u>
Net position, 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, 2015

	General Fund
ASSETS	
Investment account with New Mexico State Treasurer	\$ 1,850
Total assets	<u>\$ 1,850</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 553
Due to other state agency	-
Due to State General Fund	<u>1,297</u>
Total liabilities	<u>1,850</u>
Fund balance	
Unreserved-undesignated	<u>-</u>
Total fund balance	<u>-</u>
Total fund balance and liabilities	<u>\$ 1,850</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, 2015

Expenditures

Current:		
Personal services and fringe benefits	\$	-
Contractual services		4,700
Other costs		<u>9,003</u>
Total expenditures		<u>13,703</u>
Excess (deficiency) of revenue over expenditures		<u>(13,703)</u>
Other financing sources (uses)		
State general fund appropriations		15,000
Reversions to State General Fund		<u>(1,297)</u>
Total other financing sources (uses)		<u>13,703</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, 2015

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Approved Budget	Final Approved Budget	Actual	
Revenues				
State general fund appropriation	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Total revenues	15,000	15,000	15,000	-
Expenditures				
Current:				
Personal services and fringe benefits	-	-	-	-
Contractual services	5,000	5,000	4,700	300
Other costs	10,000	10,000	9,003	997
Total expenditures	15,000	15,000	13,703	1,297
Excess of revenue over (under) expenditures	-	-	1,297	-
Other financing sources (uses)				
State general fund reversions	-	-	(1,297)	(1,297)
Total other financing sources (uses)	-	-	(1,297)	(1,297)
Net change in fund balance	-	-	-	-
Fund balance-beginning	-	-	-	-
Fund balance-ending	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

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

Notes to the Financial Statements

June 30, 2015

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 four 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, 2015

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.

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 Position, the governmental column reflects a full accrual, economic resources basis, which incorporates long-term assets as well as long-term debt obligations, if any.

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's 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:

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

Notes to the Financial Statements (Continued)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 the State Budget-Financial Control Division, the Department of Finance and Administration (DFA), and the Legislative Finance Committee (LFC) an 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.

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

Notes to the Financial Statements (Continued)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budget and Budgetary Accounting (Continued)

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, 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, 2015, was not 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

The Board does not have any capital assets.

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

Notes to the Financial Statements (Continued)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The Board relies on the Children Youth and Families Department (CYFD) for certain administrative support. CYFD has not billed the Board for any support provided during the 2015 fiscal year.

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 unspent portion of the State General Fund appropriation.

L. Use of Restricted and Unrestricted Net Position

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

STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD

Notes to the Financial Statements (Continued)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity

The Board follows GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 Position

The government-wide Fund Financial Statements utilize a net position presentation. Net Position are categorized as investment in capital assets, restricted and unrestricted. Net position is defined by GAAP as the residual of all assets, liabilities, deferred outflows or resources and deferred inflows of resources. There were no deferred inflows or deferred outflows for the year.

Net Investment in Capital Assets – is intended to reflect the portion of net position 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, 2015

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: \$ 1,850

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 a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

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, 2015.

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

Notes to the Financial Statements (Continued)

June 30, 2015

2. NEW MEXICO STATE TREASURER INVESTMENT POOL (CONTINUED)

State General Fund Investment Pool

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

Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006, through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business process and systems configuration changes made during the Cash Management Remediation Project Phase I the Department of Finance and Administration's Financial Control division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point-forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation. The claims to resources reconciliation process has been successfully applied to fiscal year-end 2014 and the months from January 2015 through June 2015. While work remains, the results are encouraging and the following assertions can be made:

1. The difference between statewide agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims has remained within a relatively narrow range over the periods in which the reconciliation process has been used;
2. Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

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 the Board has internal controls to properly record its expenditures. Any unspent balance from the annual state appropriation reverts to the State General Fund.

3. ACCOUNTS PAYABLE

Accounts payable of \$553 represent expenditures for goods and services received or provided on or before June 30, 2015, but were not paid until after that date.

4. DUE TO STATE GENERAL FUND

The Board owes the State General Fund \$1,297 for the 2015 reversion.

STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD

Notes to the Financial Statements (Continued)

June 30, 2015

5. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. The Board does not have full-time employees. If the Board had full-time employees they would participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.nmpera.org.

Funding Policy. Plan members are required to contribute 8.92% of their gross salary. The Board is required to contribute 16.99% of the gross covered salary. The contribution requirements of plan members and the Board are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Board's contributions to PERA for the fiscal year ended June 30, 2015 and 2014, and 2013 were \$0, \$0, and \$0, respectively, equal to the amount of the required contributions for the year.

6. GASB 68 – FINANCIAL REPORTING AND DISCLOSURE FOR MULTIPLE-EMPLOYER COST SHARING PENSION PLANS BY EMPLOYERS

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015.

The Board, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, total pension liability exceeds Plan net position resulting in a net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, NM, 87501.

7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. The State of New Mexico Juvenile Public Safety Advisory Board is part of 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).

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

Notes to the Financial Statements (Continued)

June 30, 2015

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

The Board is responsible for establishing and amending benefit provisions of the health care 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 <https://www.nmrhca.state.nm.us>.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employer was required to contribute 1.0% of their salary. In addition, pursuant to Section

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

Notes to the Financial Statements (Continued)

June 30, 2015

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

10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Board's contributions to the RCHA for the fiscal years ended June 30, 2015, 2014 and 2013 were \$0, \$0, and \$0, respectively, which equal the required contributions for each year.

8. RISK MANAGEMENT

The Board is 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.

9. DFA SHARE FUND NO. 90600

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

10. 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. 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)	\$ -	\$ 15,000
(2) 90600	Juvenile Public Safety Advisory Board (76500)	15,000	-
		<u>\$ 15,000</u>	<u>\$ 15,000</u>

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

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

Notes to the Financial Statements (Continued)

June 30, 2015

10. INTERAGENCY TRANSFERS AND DUE TO STATE GENERAL FUND (CONTINUED)

The due to State General Fund of \$1,297 consists of 2015 reversions owed to the State General Fund.

11. CONTRACT PROCUREMENT

The Board did not enter into any contracts greater than \$60,000 that would require disclosure to comply with the State Audit Rule.

12. ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board has issued the following new pronouncement that may have an effect on the Board's financial statements. However, the Board has not determined the impact on its financial statements.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (GASB 76)*. Provisions for GASB 76 are effective for reporting periods beginning after June 15, 2015.

13. SUBSEQUENT EVENTS

The Board has evaluated subsequent events through November 6, 2015 which is the date the financial statements have been issued and have determined no subsequent events require disclosure or adjustment to the financial statements.

"30 Years of Excellence"

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Rhonda G. Williams, C.P.A.
Katherine M. Rowe, C.P.A.

Managers

Douglas W. Fraser, C.P.A.
Laura Parker, C.P.A.
Rick W. Reynolds, C.P.A.

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*

Mr. Timothy Keller
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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the 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, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control Over Financial Reporting (Continued)

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Barraclough & Associates, P.C.
Santa Fe, New Mexico
November 6, 2015

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

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2015

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified not considered to be a material weakness? | No |
| c. Noncompliance material to financial statements noted? | No |

Section II – Financial Statement Findings

Current Year Findings None

Section III – Prior Year Findings

Prior Year Findings None

STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD

EXIT CONFERENCE

June 30, 2015

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 20, 2015 to discuss the current report. Those individuals in attendance were as follows:

New Mexico State Juvenile Public Safety Advisory Board

Gregoria Rirou	Board Member
Annette Romero	CYFD ASD Deputy Director
Matthew Lovato	CYFD Procurement Manager
Bernice Tapia	CYFD Finance Manager

Barracough & Associates, P.C.

Douglas W. Fraser	Senior Audit Manager
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The financial statements were prepared by Barracough & Associates, P.C. with assistance provided by the Board's personnel. The Board is responsible for the fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. The Board has reviewed and approved the financial statements and notes to the financial statements.

Barracough & Associates, P.C. would like to acknowledge the courtesy and assistance extended to us during the course of the audit.

