

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2018

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
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**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
OFFICIAL ROSTER
JUNE 30, 2018**

BOARD

Hugo Gomez	Member
Gregoria Rirou	Member
Michael Heitz	Member

ADMINISTRATIVE OFFICIAL

Vacant	Executive Director
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INDEPENDENT AUDITORS' REPORT

Mr. Wayne Johnson, New Mexico State Auditor
and Members of the Board of Directors
Juvenile Public Safety Advisory Board
Albuquerque, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major general fund, and the budgetary comparison of the general fund of the Juvenile Public Safety Advisory Board (the Board), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

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

Mr. Wayne Johnson, New Mexico State Auditor
and Members of the Board of Directors
Juvenile Public Safety Advisory Board

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major general fund, and the budgetary comparison of the general fund of the as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Board are intended to present the 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, 2018, 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 3 through 5 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 October 31, 2018, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's 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.

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 31, 2018

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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, 2018. 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 statement, 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 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
YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>
Assets:			
Investment Account with State Treasurer	\$ 773	\$ 5,033	\$ (4,260)
Total Assets	<u>\$ 773</u>	<u>\$ 5,033</u>	<u>\$ (4,260)</u>
Liabilities:			
Current Liabilities	\$ 773	\$ 5,033	\$ (4,260)
Total Liabilities	<u>773</u>	<u>5,033</u>	<u>(4,260)</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The only asset is the investment account with the State Treasurer of \$773, which decreased by \$4,260 since the prior year due to the payment of FY17 and FY18 reversion balances. During the same period, liabilities decreased by \$4,260 for the same reason. 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.

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Government Activities:			
Personal Services and Fringe Benefits	\$ -	\$ -	\$ -
Contractual Services	4,837	4,875	(38)
Other Cost	7,214	7,259	(45)
Total Government Activities	<u>12,051</u>	<u>12,134</u>	<u>(83)</u>
General Revenues:			
State General Fund Appropriations	13,200	13,600	(400)
Total General Revenues	<u>13,200</u>	<u>13,600</u>	<u>(400)</u>
Transfers:			
Reversions to State General Fund	<u>(1,149)</u>	<u>(1,466)</u>	<u>317</u>
Net Transfers	<u>(1,149)</u>	<u>(1,466)</u>	<u>317</u>
Change in Net Position	-	-	-
Net Position - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In fiscal year 2018, the Board received an appropriation of \$13,200, 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.

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

GENERAL FUND BUDGETARY HIGHLIGHTS

The Juvenile Board depends on appropriations from the New Mexico State General Fund. The State Legislature in the General Appropriations Act, Laws of 2016, Chapter 11, Section 4 appropriated \$13,200 for FY 18.

The appropriation included funding of \$4,900 to conduct a financial audit of the juvenile board and \$8,300 to cover board members travel and per diem related to board meetings.

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-7A-1 through 32A-7A-8. The Board is a special purpose entity, created to advise the Children, Youth and Families Department (CYFD) on supervised release (formerly parole) decisions, review of CYFD's activities in regards to juvenile justice (JJS) make recommendations to CYFD concerning JJS programs, visit JJS facilities and report to the governor and the secretary of CYFD on its finding regarding conditions relating to the care and treatment of youth assigned to the facilities. The Board is administratively attached to CYFD.

FUTURE YEARS

FY 19 Operating Budget

The FY19 operating budget for the Juvenile Board was appropriated at \$13,200 during the State Legislature in the General Fund Appropriation Act, Laws of 2018, Chapter 73, Section 4. There is no change in the operating budget for FY19.

FY20 Operating Budget

The FY20 Operating Budget Request of \$13,900 of the General Fund appropriations, which has an increase from the FY19 operating budget to reflect the change in published audit rates.

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, New Mexico 87107.

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
STATEMENT OF NET POSITION
JUNE 30, 2018**

	<u>Governmental Activities</u>
ASSETS	
Investment Account with New Mexico State Treasurer	<u>\$ 773</u>
Total Assets	<u><u>\$ 773</u></u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts Payable	<u>\$ 773</u>
Total Liabilities	<u>773</u>
NET POSITION	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
 JUVENILE PUBLIC SAFETY ADVISORY BOARD
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2018**

	Governmental Activities
EXPENSES	
General Government:	
Personal Services and Fringe Benefits	\$ -
Contractual Services	4,837
Other Costs	7,214
Total Expenses	12,051
GENERAL REVENUES	
State General Fund Appropriations	13,200
Total General Revenues	13,200
CHANGE IN NET POSITON BEFORE TRANSFERS	1,149
TRANSFERS	
Reversions to State General Fund	(1,149)
Net Position - Beginning of Year	-
NET POSITION - END OF YEAR	\$ -

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
 JUVENILE PUBLIC SAFETY ADVISORY BOARD
 BALANCE SHEET – GOVERNMENTAL FUND
 JUNE 30, 2018**

	General Fund
ASSETS	
Investment Account with New Mexico State Treasurer	\$ 773
Total Assets	\$ 773
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$ 773
Total Liabilities	773
FUND BALANCE	
Unreserved - Undesignated	-
Total Fund Balance	-
Total Liabilities and Fund Balance	\$ 773

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
 JUVENILE PUBLIC SAFETY ADVISORY BOARD
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES – GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2018**

EXPENDITURES

Current:

Personal Services and Fringe Benefits	\$ -
Contractual Services	4,837
Other Costs	7,214
Total Expenditures	12,051

Excess (Deficiency) of Revenue Over Expenditures (12,051)

OTHER FINANCING SOURCES (USES)

State General Fund Appropriations	13,200
Reversions to State General Fund	(1,149)
Total Other Financing Sources (Uses)	12,051

NET CHANGE IN FUND BALANCE -

Fund Balance - Beginning of Year -

FUND BALANCE - END OF YEAR \$ -

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
 JUVENILE PUBLIC SAFETY ADVISORY BOARD
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES – BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2018**

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Approved Budget	Final Approved Budget	Actual	
REVENUES				
State General Fund Appropriation	\$ 13,200	\$ 13,200	\$ 13,200	\$ -
Total Revenues	<u>13,200</u>	<u>13,200</u>	<u>13,200</u>	<u>-</u>
EXPENDITURES				
Current:				
Personal Services and Fringe Benefits		-	-	-
Contractual Services	4,900	4,900	4,837	63
Other Costs	<u>8,300</u>	<u>8,300</u>	<u>7,214</u>	<u>1,086</u>
Total Expenditures	<u>13,200</u>	<u>13,200</u>	<u>12,051</u>	<u>1,149</u>
Excess of Revenue Over (Under) Expenditures	-	-	1,149	-
OTHER FINANCING SOURCES (USES)				
Fund Reversions	-	-	(1,149)	1,149
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,149)</u>	<u>1,149</u>
NET CHANGE IN FUND BALANCE				
	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the NM Juvenile Public Safety Advisory Board 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.

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 two 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 FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Basic Financial Statements

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.

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:

Governmental Fund Types

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

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.
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.

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget and Budgetary Accounting (Continued)

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, 2018, was not amended.

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.

Investments

The Board's funds are held on deposit with the state treasurer's office.

Capital Assets

The Board does not have any capital assets.

Revenues and Expenses

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

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and Expenses (Continued)

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 nonoperating revenues and expenses. The Board did not have any nonoperating 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 2018 fiscal year.

Operating Revenues

Operating revenues of the Board are budgetary allocations of the state general fund.

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.

Use of Restricted and Unrestricted Net Position

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

Fund Balance

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.

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of resources, and deferred inflows of resources. There were no deferred inflows or deferred outflows for the year.

Net Investment in Capital Assets

Net investment in capital assets is intended to reflect the portion of net position which is associated with nonliquid capital assets.

Restricted 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

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.

NOTE 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 (STO). Accordingly, the investments of the Board consist of an interest in the general fund investment pool managed by the STO.

Balance in the New Mexico State Treasurer's
Investment Pool

\$ 773

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.

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 NEW MEXICO STATE TREASURER INVESTMENT POOL (CONTINUED)

Interest in the General Fund Investment Pool (Continued)

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 STO 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, 2018.

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 STO. Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGFIP.

The State Controller indicated on August 18, 2018 that this reconciliation process is deemed to be sound and in full compliance with the requirements of the monthly process. As of June 30, 2018, resources held in the pool were equivalent to the corresponding business unit claims on those resources and all claims as recorded in SHARE shall be honored at face value.

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.

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 ACCOUNTS PAYABLE

Accounts payable of \$773 represent expenditures for goods and services received or provided on or before June 30, 2018, but were not paid until after that date.

NOTE 4 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, 2018, 2017, and 2016 were \$-0-, \$-0-, and \$-0-, respectively, equal to the amount of the required contributions for the year.

NOTE 5 FINANCIAL REPORTING AND DISCLOSURE FOR MULTIPLE-EMPLOYER COST SHARING PENSION PLANS BY EMPLOYERS

The Board has no employees and, therefore, has no contributions related to the Public Employees Retirement Association (PERA).

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, New Mexico, 87501.

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 POSTEMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

The Board has no employees and, therefore, has no contributions related to the Public Employees Retirement Association (PERA).

Compliant with the requirements of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2018.

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico.

Overall, total OPEB liability exceeds OPEB Plan net position, resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State, and the liability 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 liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

NOTE 7 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:

- Liability and civil rights protection for claims made by others against the state;
- Coverage to protect the state's assets;
- Fringe benefits coverage for the state's employees. However, universities provide their group health programs.

**STATE OF NEW MEXICO
 JUVENILE PUBLIC SAFETY ADVISORY BOARD
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

NOTE 8 DFA SHARE FUND NO. 90600

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

NOTE 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. 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
85300 (1)	Department of Finance and Administration (34100)	\$ -	\$ 13,200
90600 (1)	Juvenile Public Safety Advisory Board (76500)	13,200	-
85300 (2)	Department of Finance and Administration (34100)	1,149	
90600 (2)	Juvenile Public Safety Advisory Board (76500)		1,149
		<u>\$ 14,349</u>	<u>\$ 14,349</u>

(1) State General Fund Appropriations

(2) Reversions to Agency #34101, SHARE #85300

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

Mr. Wayne Johnson, New Mexico State Auditor
and Members of the Board of Directors
Juvenile Public Safety Advisory Board
Albuquerque, New Mexico

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 and the major general fund of the Juvenile Public Safety Advisory Board (the Board), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 31, 2018.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Mr. Wayne Johnson, New Mexico State Auditor
and Members of the Board of Directors
Juvenile Public Safety Advisory Board

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the schedule of findings and responses as finding 2018-001.

NM Juvenile Public Safety Advisory Board's Response to Findings

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

Purpose of this Report

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

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 31, 2018

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

2018-001 (Previously 2017-001) Untimely Reversion to the New Mexico State General Fund (Noncompliance – Repeated and Modified)

Condition: The Board failed to remit the updated reversion they owed for the year ending June 30, 2017 within 45 days of the release of the report for the year ending June 30, 2017. The amount was \$1,466.

Criteria: New Mexico statutes 6-5-10.A NMSA 1978 and the NM State Audit Rule 2.2.2.12 A.6.b requires adjusted reversion to be complete and submitted within 45 days of the release of the audit report for that fiscal year.

Cause: Lack of timely calculation and remittance to the New Mexico state general fund.

Effect: Noncompliance with New Mexico statute and the New Mexico state audit rule.

Recommendation: We recommend the Board strengthen their controls to ensure reversion amounts are calculated and remitted timely.

Management’s Response: The reversion calculation for the year ending June 30, 2017 was calculated in a timely fashion; however, it was not remitted timely. The Chief Financial Officer will ensure that the calculated reversion amount is remitted to the New Mexico state general fund in a timely fashion. The reversion amount calculated for the board for the year ending June 30, 2018 was remitted to the New Mexico State general fund before the release of the audit.

Section III – Summary of Prior Audit Findings

Finding #	Status
2017-001 Untimely Reversion to the New Mexico State General Fund (Noncompliance)	Repeated and Modified as 2018-001

**STATE OF NEW MEXICO
JUVENILE PUBLIC SAFETY ADVISORY BOARD
EXIT CONFERENCE
JUNE 30, 2018**

An exit conference was held on October 29, 2018 to discuss the current report. Those individuals in attendance were as follows:

State of New Mexico Juvenile Public Safety Advisory Board

Elena Tercero	CYFD CFO
Tamera Marcantel	D/D Facilities
Victor Herrera	Facility Transition Coordinator
Ashley Trujillo	Facility Transition Coordinator
Hugo Gomez	Board Member
Gregoria (Kay) Rirou	Board Member

CliftonLarsonAllen LLP

Laura Beltran-Schmitz, CPA, CFE, CGFM Director

The financial statements were prepared by CliftonLarsonAllen LLP 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.

CliftonLarsonAllen LLP would like to acknowledge the courtesy and assistance extended to us during the course of the audit.