

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION

FINANCIAL STATEMENTS

JUNE 30, 2013

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION

TABLE OF CONTENTS

Official Roster	1
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	14
Statement of Revenues and Expenditures – Budget and Actual	
General Fund	15
Corrections & Restitution Fund	16
Federal Grants Fund	17
Notes to Financial Statements	18
Supplemental Information	
Schedule of Performance Data	34
Schedule of Expenditures of Federal Awards	37
Notes to the Schedule of Expenditures of Federal Awards	38
Other Reports	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	39
Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance; Required by OMB Circular A-133	41
State Compliance Section	
Summary Schedule of Prior Audit Findings	44
Schedule of Findings and Questioned Costs	45
Exit Conference	50

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION

OFFICIAL ROSTER

Officials

Marron Lee, Esq.	Chairwoman
Robin Edward, M.D.	Vice-Chairwoman
Stuart Feltman	Member
Erica Jorgensen-Forde	Member
Raul Ortiz	Member

Administrative Officials

Frank Zubia	Director
Robin Brassie	Deputy Director

Independent Auditor's Report

Mr. Hector Balderas, New Mexico State Auditor
and
Marron Lee, Esq., Chairman, and
the Board of Commissioners
New Mexico Crime Victims Reparation Commission
Albuquerque, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparisons for the General Fund and major special revenue funds of the New Mexico Crime Victims Reparation Commission (Commission) as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Commission'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.

Auditor's 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 Commission'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.

Mr. Hector Balderas, New Mexico State Auditor
and
Marron Lee, Esq., Chairman, and the Board of Commissioners
New Mexico Crime Victims Reparation Commission
Albuquerque, New Mexico

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and major special revenue funds 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 2, the financial statements of the Commission are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, and each major special revenue fund of the State of New Mexico that are attributable to the transactions of the Commission. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2013, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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 and budgetary comparison on pages 5-10 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.

Mr. Hector Balderas, New Mexico State Auditor
and
Marron Lee, Esq. , Chairman, and the Board of Commissioners
New Mexico Crime Victims Reparation Commission
Albuquerque, New Mexico

Other Information

Our audit was conducted for the purpose of forming opinions on the Commission's basic financial statements and the budgetary comparison statements. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the additional schedules listed as "other supplemental information" in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and the additional schedules listed as "other supplemental information" in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013 on our consideration of the Commission'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Ricci, Porch & Company LLC

Albuquerque, New Mexico
December 19, 2013

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2013**

Introduction

The following discussion and analysis of Crime Victims Reparation Commission's financial performance provides the reader with a picture of the Commission's financial activities for the fiscal year ended June 30, 2013 as well as discussion as to how these activities compare to prior fiscal years.

This report consists of a number of financial statements. They are structured to show the financial condition within the Commission as whole as well as financial statements that segregate the financial condition existing in each of the three funds that the Department of Finance and Administration has approved for the Commission. The three funds, The General Fund, The Restitution Fund, and The Federal Grants Fund are discussed and analyzed in the following pages.

The Crime Victims Reparation Commission, created by Laws of 1981, Chapter 325, under the Crime Victims Reparation Act, has a stated purpose "to protect the citizens of New Mexico from the impact of crime and to promote a stronger criminal justice system through the encouragement of all citizens to cooperate with law enforcement efforts".

Crime Victims Reparation Commission's philosophy is "to effectively assist victims of crime to reduce the impact of crime on them; to strive for consistency, understanding, and advocacy for crime victims".

The total budgeted expenditures for fiscal year 2013 were \$8,007,639, which includes a fiscal year 2012 mid-year appropriation carry forward of \$42,239. The majority of those funds, \$6,112,839 were budgeted for the following: payments to victims of crime and their service providers; contractors providing services and recommendations for improvement of services; and, Federal grant funds awarded to sub-grantees' that provide services to victims of violent crime (object codes: 535200 and 535300 Professional Services Contracts; 547300 Care and Support; 547400 Grants and Services; and 555100 Other Financing Uses). This amounts to 76% of the total budget directly supporting our Commission's mission and vision.

Of the \$6,112,839, \$1,748,159 was expensed to compensation claims, as reported under object code 547300, Care and Support.

Reporting on Crime Victims Reparation Commission as a Whole

Financial Statement Presentation

This report consists of a series of Financial Statements. The first two statements presented are the government wide financial statements. They reflect the governmental activities of the commission. These reports give the reader an overall picture of the commission's financial activities.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2013**

Reporting on Crime Victims Reparation Commission as a Whole (Continued)

Financial Statement Presentation (Continued)

The Statement of Net Position, shows the Commission's assets plus deferred outflows of resources, less liabilities plus deferred inflows of resources which then equals the net position as of the end of the fiscal year. This statement is formatted in the traditional balance sheet format with the assets and liabilities being presented in the order of liquidity. The following schedule presents a summary of the statement, both for fiscal year 2013 and 2012 and the comparative difference from year to year.

	<u>FY13</u>	<u>FY12</u>	<u>Dollar Change</u>	<u>% Change</u>
Assets				
Cash and investments	\$ 429,953	419,039	10,914	2.6%
Receivables	679,357	651,008	28,349	4.4%
Capital assets, net of accumulated depreciation	-	-	-	0%
Total assets	<u>1,109,310</u>	<u>1,070,047</u>	<u>39,263</u>	<u>3.7%</u>
Liabilities				
Current liabilities	852,891	833,046	19,845	2.4%
Long-term liabilities	-	-	-	0%
Total liabilities	<u>852,891</u>	<u>833,046</u>	<u>19,845</u>	<u>2.4%</u>
Net position				
Investment in fixed assets, net of related debt	-	-	-	0%
Restricted	256,419	237,001	19,418	8.2%
Total net position	<u>\$ 256,419</u>	<u>237,001</u>	<u>19,418</u>	<u>8.2%</u>

The second financial statement, the Statement of Activities, reports on the expenses (outflows) and revenues (inflows) of the Commission for the fiscal year. This is the sixth year of GASB 34 implementation, and this statement includes a depreciation expense of the Commission's capital assets. This financial statement will also identify any special or extraordinary items or transactions that occurred during the fiscal year. The following schedule presents a summary of the statement, both for fiscal years 2013 and 2012 and the comparative difference from year to year.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2013**

Reporting on Crime Victims Reparation Commission as a Whole (Continued)

Financial Statement Presentation (Continued)

	<u>FY13</u>	<u>FY12</u>	<u>Dollar Change</u>	<u>% Change</u>
Program revenue				
Miscellaneous	\$ 28,911	38,391	(9,480)	-24.7%
Restitution and refunds from providers	502,294	489,156	13,138	2.7%
Federal grants	<u>5,117,287</u>	<u>4,926,715</u>	<u>190,572</u>	<u>3.9%</u>
Total program revenue	<u>5,648,492</u>	<u>5,454,262</u>	<u>194,230</u>	<u>3.6%</u>
Expenditures				
Personnel services	1,020,490	1,043,595	(23,105)	-2.2%
Contractual services	238,383	259,065	(20,682)	-8.0%
Other costs	6,056,909	5,967,552	89,357	1.5%
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Total expenditures	<u>7,315,782</u>	<u>7,270,212</u>	<u>45,570</u>	<u>0.6%</u>
Excess (deficiency) before Transfers	(1,667,290)	(1,815,950)	148,660	8.2%
Net transfers	<u>1,686,708</u>	<u>1,921,159</u>	<u>(234,451)</u>	<u>-12.2%</u>
Change in net position	19,418	105,209	(85,791)	-81.5%
Net position, beginning of year	<u>237,001</u>	<u>131,792</u>	<u>105,209</u>	<u>80.8%</u>
Net position, end of year	<u>\$ 256,419</u>	<u>237,001</u>	<u>19,418</u>	<u>8.2%</u>

Both the Statement of Net Position and the Statement of Activities include all assets and liabilities on the accrual basis, which is similar to the accounting methods used by private business. Revenues and expenses are reported regardless of when they are paid or received. The Commission has only governmental activities as it provides a service to the people of the State of New Mexico.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2013**

Narrative of Commission's Financials as a Whole (Continued)

The Commission's revenues and expenditures did not exceed the budgeted target figures. The expenditures within each Department of Finance and Administration's approved appropriation unit did not exceed the approved budget numbers, both in total and within each of the three individual budgeted funds.

The assets and liabilities for the year experienced significant decreases from the prior fiscal year. Federal grant receivables and associated accounts payable are primarily attributable to these decreases. Also, the revenue and expenditures from FY12 to FY13 had an approximate 3.6% and 0.6% change from year-to-year.

There was no capital asset or long-term debt activity.

Reporting on Individual Funds

The fund financial statements report the Commission's operations in the traditional format. The capital assets and depreciation included in the government wide financial statements are omitted from the fund financials. The individual funds are defined and discussed in detail in the following section.

General Fund

This reverting fund was established upon the origination of the Commission. The general fund's revenues and expenditures, as reported in the financial statements, did not exceed the approved budget.

In comparison to fiscal year 2012, the budget for fiscal year 2013 decreased in total by 9.1%. There was no net increase or decrease realized in the original and final total budget amount for FY13.

Restitution Fund

This fund was authorized by Crime Victims Reparation Act (Section 31-22-12 and 33-8-8 NMSA, 1978 Compilation, as amended) and is restricted for care and support of victims. The revenue in this non-reverting fund comes from restitution payments ordered through the judicial system to be paid from sentenced offenders and also by statute, fifteen percent of inmate wages earned in state correction facilities.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2013**

Narrative of Commission's Financials as a Whole (Continued)

Restitution Fund (Continued)

Because of the specific structure of this revenue, the only expenditures from this fund are from the Care and Support (547300) Object Code. These expenditures represent payments to victims of violent crime either directly or to the associated service providers. During FY2013, the budget amount was \$579,500. The Commission expended 83% of the budget with the remainder to be used for victim payments in FY2014.

Federal Grants Fund

This non-reverting fund is comprised of three different federal grant awards the Commission receives. All three grants are administered through the U.S. Department of Justice, Office of Justice Programs. The Victims of Crime Act (VOCA) assistance program provides funding to organizations that provide direct services to victims of violent crime throughout the state. The S.T.O.P. Violence Against Women Act (VAWA) program provides funding for organizations that combat crime against women. The Victims of Crime Act (VOCA) Victim Compensation program provides funds to pay victims of violent crime for costs incurred as a result of their victimization. All of these federal grant awards are multi-year awards and are budgeted over several state fiscal years.

As a whole, the federal grant programs did not experience any significant award increases or decreases from the previous fiscal year. All federal grant expenditures did not exceed the approved budget. Overall the federal grant programs budget increased from \$5,194,100 in fiscal year 2012 to \$5,675,900 in fiscal year 2013. This is approximately a 9% increase overall.

The federal awards are multi-year and so funds that have not been expended in the previous fiscal year can be spent the following fiscal year and must be spent in total before the completion of the federal grant award period.

Performance Budget Summary

The Commission reports its measures and targets under two separate programs. The first program name is the Victim Compensation Program and the second is Federal Grant Administration.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
June 30, 2013**

Narrative of Commission's Financials as a Whole (Continued)

Performance Budget Summary (Continued)

There are six measures under the Victim Compensation Program. The target was met on two of these measures, however the Commission was not able to achieve the targeted level for the "Number of victims receiving direct advocacy" measure. This was due to the Commission not receiving the projected number of applications. This reduced the total number of victims available to receive direct advocacy.

The Federal Grant Administration Program reported on seven measures for fiscal year 2013. The target was met on six of the seven measures, however the Commission was not able to achieve the targeted goal within one of the "Efficiency" measures. In FY2013, the Federal Grant Administration Program fell short of the "Percent of site visits conducted" measurement goal by 4%. Increased workload due to position vacancies have hindered the grant administrators' abilities to complete the requisite number of site visits.

Future Financial Outlook for Commission

Budget shortfalls in FY2010, forced our Board to implement austerity measures to keep spending within available resources. One such measure implemented in January of 2010 was to approve payments to providers at a reduced rate of 75% of invoice. In July 2010, as a result of updated victim payment budget information that forecasts continued budget shortfalls, the board approved measures to further reduce payments to providers to 50% of invoice. This method of payment for providers continued through the first half of FY2012. In the second half of FY2012, budget projections were presented to the Board which factored a reduction in applications received and a supplemental appropriation and demonstrated sufficient budget existed to increase payments to providers to 75% of invoice. We project that the Commission will be able to fund payments to providers at 75% of invoice through FY2014.

State appropriated Victim Compensation budget has incurred significant budget decreases since 2010. In addition, Federal awards that assist in funding victim payments are based on State appropriations that have been expended to provide financial assistance to victims. As State appropriations are reduced, Federal awards are reduced. The Federal awards our agency has relied upon to supplement State appropriated budget shortfalls, will decrease. The decrease in Federal and state funding will reduce our agency's ability to adequately meet the financial needs of Victims of Violent Crime.

The board of directors, management and staff at Crime Victim's Reparation Commission remain dedicated to providing the best possible service to victims of violent crime in New Mexico and delivering that service in a cost efficient manner for the taxpayers in New Mexico.

BASIC FINANCIAL STATEMENTS

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities
ASSETS	
Current Assets	
Investments in State Treasurer General Fund Investment Pool	\$ 142,645
Investments in State Treasurer General Fund Investment Pool - restricted	287,308
Receivables	
Federal grants	<u>679,357</u>
Total current assets	1,109,310
Capital Assets, net of accumulated depreciation	<u>-</u>
Total assets	<u>1,109,310</u>
LIABILITIES	
Current Liabilities	
Accounts payable	712,853
Accrued compensation, benefits, and taxes	21,083
Deferred revenue	21,878
Due to State General Fund - reversions	23,292
Other liabilities	42,896
Compensated absences payable	<u>30,889</u>
Total liabilities	<u>852,891</u>
NET POSITION	
Net investment in capital assets	-
Restricted	
Crime victims reparation	<u>256,419</u>
Total net position	<u>\$ 256,419</u>

The Notes to the Financial Statements are an integral part of this statement.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013**

	Governmental Activities
Expenses	
Personnel services	\$ 1,020,490
Contractual services	238,383
Other costs	6,056,909
Depreciation	-
	<hr/>
Total expenses	7,315,782
	<hr/>
Program Revenues	
Program Specific Operating Grants and Contributions	
Federal grants	5,117,287
Inmate restitutions	502,294
Miscellaneous	28,911
	<hr/>
Total program revenues	5,648,492
	<hr/>
Net (expense)	(1,667,290)
	<hr/>
Transfers	
Transfers from the State General Fund	1,710,000
Less reversions to the State General Fund	(23,292)
	<hr/>
Total transfers	1,686,708
	<hr/>
Change in net position	19,418
Net position, beginning of year	<hr/> 237,001
Net position, end of year	\$ 256,419
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of this statement.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Corrections & Restitution	Federal Grants	Total
ASSETS				
Investments in STGFIP	\$ 113,520	4,097	25,028	142,645
Investments in STGFIP - restricted	-	281,567	5,741	287,308
Receivables				
Federal grants	-	-	679,357	679,357
Due from other funds	19,035	-	-	19,035
	<hr/>			
Total assets	\$ 132,555	285,664	710,126	1,128,345
	<hr/>			
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 77,709	959	634,185	712,853
Accrued compensation, benefits and taxes	16,119	-	4,964	21,083
Due to other funds	-	-	19,035	19,035
Deferred revenue	-	-	21,878	21,878
Due to State General Fund - reversions	23,292	-	-	23,292
Stale dated warrants	15,435	3,138	24,323	42,896
	<hr/>			
Total liabilities	132,555	4,097	704,385	841,037
	<hr/>			
Fund Balance				
Restricted				
Crime victims reparation	-	281,567	5,741	287,308
	<hr/>			
Total liabilities and fund balance	\$ 132,555	285,664	710,126	1,128,345
	<hr/>			

Amounts Reported in the Statement of Net Position are Different Because:

Fund balances per the balance sheet	\$ 287,308
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	-
Accrued compensated absences and sick leave not payable from current revenues	<u>(30,889)</u>
Net position per the statement of net position	<u>\$ 256,419</u>

The Notes to the Financial Statements are an integral part of this statement.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended June 30, 2013**

	General Fund	Corrections & Restitution	Federal Grants	Total
Revenues				
Federal grants	\$ -	-	5,117,287	5,117,287
Inmate restitutions	-	502,294	-	502,294
Miscellaneous	23,170	-	5,741	28,911
	<hr/>			
Total revenues	23,170	502,294	5,123,028	5,648,492
	<hr/>			
Expenditures				
Current:				
Personnel services	822,377	-	220,268	1,042,645
Contractual services	205,189	-	33,194	238,383
Other costs	710,389	482,695	4,197,666	5,390,750
	<hr/>			
Total expenditures	1,737,955	482,695	4,451,128	6,671,778
	<hr/>			
Excess (deficiency) of revenues over expenditures	(1,714,785)	19,599	671,900	(1,023,286)
	<hr/>			
Other Financing Sources (Uses)				
State General Fund appropriation	1,710,000	-	-	1,710,000
Reversions to State General Fund	(23,292)	-	-	(23,292)
Other financing uses	-	-	(666,159)	(666,159)
	<hr/>			
Total other financing sources (uses)	1,686,708	-	(666,159)	1,020,549
	<hr/>			
Net change in fund balance	(28,077)	19,599	5,741	(2,737)
	<hr/>			
Fund balance, beginning of year	28,077	261,968	-	290,045
	<hr/>			
Fund balance, end of year	\$ -	281,567	5,741	287,308
	<hr/> <hr/>			
Amounts Reported in the Statement of Activities are Different Because:				
Change in fund balance				\$ (2,737)
Governmental funds do not report depreciation expense which is recorded in the Statement of Activities				-
Governmental funds do not report the net change in compensated absences or sick leave				<hr/> 22,155
Change in net assets per the Statement of Activities				<hr/> \$ 19,418

The Notes to the Financial Statements are an integral part of this statement.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State General Fund appropriation	\$ 1,710,000	1,710,000	1,710,000	-
Miscellaneous	-	-	23,170	23,170
Total revenues	<u>1,710,000</u>	<u>1,710,000</u>	<u>1,733,170</u>	<u>23,170</u>
Expenditures				
Current:				
Personnel services	866,000	831,000	822,377	8,623
Contractual services	214,700	210,100	205,189	4,911
Other costs	671,539	711,139	710,389	750
Total expenditures	<u>1,752,239</u>	<u>1,752,239</u>	<u>1,737,955</u>	<u>14,284</u>
Other Financing Sources (Uses)				
Reversions to State General Fund	-	-	(23,292)	(23,292)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(23,292)</u>	<u>(23,292)</u>
Excess of revenues over expenditures and other financing sources	\$ (42,239)	(42,239)	(28,077)	<u>14,162</u>
Prior year fund balance appropriated	<u>42,239</u>	<u>42,239</u>	<u>28,077</u>	
	<u>-</u>	<u>-</u>	<u>-</u>	

The Notes to the Financial Statements are an integral part of this statement.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - CORRECTIONS AND RESTITUTION FUND
Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Inmate restitutions	\$ 499,500	499,500	502,294	2,794
Miscellaneous	-	-	-	-
Total revenues	<u>499,500</u>	<u>499,500</u>	<u>502,294</u>	<u>2,794</u>
Expenditures				
Current:				
Other costs	<u>579,500</u>	<u>579,500</u>	<u>482,695</u>	<u>96,805</u>
Total expenditures	<u>579,500</u>	<u>579,500</u>	<u>482,695</u>	<u>96,805</u>
Excess (deficiency) of revenues over expenditures	\$ (80,000)	(80,000)	<u>19,599</u>	<u>99,599</u>
Prior year fund balance appropriated	<u>80,000</u>	<u>80,000</u>		
	<u>-</u>	<u>-</u>		

The Notes to the Financial Statements are an integral part of this statement.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - FEDERAL GRANTS FUND
Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Federal grants	\$ 5,175,900	5,675,900	5,117,287	(558,613)
Miscellaneous	-	-	5,741	5,741
Total revenues	<u>5,175,900</u>	<u>5,675,900</u>	<u>5,123,028</u>	<u>(552,872)</u>
Expenditures				
Current:				
Personnel services	255,200	255,200	220,268	34,932
Contractual services	28,000	58,000	33,194	24,806
Other costs	4,092,700	4,562,700	4,197,666	365,034
Total expenditures	<u>4,375,900</u>	<u>4,875,900</u>	<u>4,451,128</u>	<u>424,772</u>
Other Financing Sources (Uses)				
Other financing uses	(800,000)	(800,000)	(666,159)	133,841
Total other financing sources (uses)	<u>(800,000)</u>	<u>(800,000)</u>	<u>(666,159)</u>	<u>133,841</u>
Excess of revenues over expenditures and other financing sources	<u>\$ -</u>	<u>-</u>	<u>5,741</u>	<u>5,741</u>

The Notes to the Financial Statements are an integral part of this statement.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 1. ORGANIZATION

1. History and Function

The State of New Mexico Crime Victims Reparation Commission (Commission) was created in January 1981 under the provisions of the Crime Victims Reparation Act, Section 31-22-2, NMSA 1978 Compilation. The Commission's objective is to protect the citizens of New Mexico from the impact of crime and to promote a stronger criminal justice system through the encouragement of all citizens to cooperate with law enforcement efforts.

The Commission is responsible for:

- A. the implementation of the Crime Victims Reparation Act, which promotes the public health, welfare and safety of the citizens of New Mexico;
- B. assisting citizens by receiving requests from New Mexico citizens for monetary compensation for specific losses suffered as victims of certain crimes;
- C. granting monetary awards to those victims it deems eligible, following its review and investigation, and
- D. obtaining funding sources from revenue appropriations from the State of New Mexico General Fund, restitution receipts, and Federal grants from the U.S. Department of Justice.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition, applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, apply unless they conflict with GASB pronouncements. They are applied to the government-wide financial statements. The more significant of the Commission's accounting policies are described below:

A. Reporting Entity and Component Units

The Commission is a component unit of the State of New Mexico. These financial statements present the financial position and results of operations of only those Statewide Human Resources, Accounting and Management Reporting System Accounting System (SHARE) funds for which the Commission has oversight responsibility. The Commission is a user organization of the SHARE system. The service organization is the Department of Finance and Administration (DFA).

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity and Component Units (Continued)

The Commission has decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The Commission is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, but would be included in a state-wide Comprehensive Annual Financial Report (CAFR).

In evaluating how to define the Commission 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 basic, but not the only, criterion for including a potential component unit within the reporting entity is the government body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Commission is able to exercise oversight responsibilities. Based upon the application of these criteria, the Commission does not have any component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net position and the statement of activities, report information on all of the nonfiduciary activities. When applicable, the effect of inter-fund activity is eliminated from the statement of net position in order to avoid a grossing-up effect on the assets and liabilities within the statement. The Commission does not have any business-type activities; therefore, only government activities are shown.

The fund financial statements, the balance sheet, and the statement of revenues, expenditures and changes in fund balances are presented to report additional and detailed information about the Commission. Emphasis is on the major funds of the governmental category. The General Fund, Corrections and Restitution Fund, and Federal Grants Fund have been classified as major funds. The General Fund is the Commission’s operating fund and includes all financial transactions conducted to fulfill its general government function. It accounts for all financial resources of the Commission. All funds were major.

The focus is on the Commission as a whole and the fund financial statements, including the major individual funds of the governmental category.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The financial transactions of the Commission are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditures or expenses and other financing sources or uses. Government resources are allocated to, and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The new model sets forth the minimum criteria (percentage of the assets, liabilities, revenues, or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section.

The following fund types are used by the Commission:

Governmental Fund Types

All governmental fund types are accounted for on a spending or financial measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses sources) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures of fund liabilities.

General Fund – The General Fund is the general operating fund of the Commission and a major fund. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is made up of the following Statewide Human Resources, Accounting and Management Reporting System Accounts System (SHARE) fund.

90900 General Operating – The operating account for the Commission. This is a reverting fund.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Special Revenue Funds – The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Commission’s special revenue funds are as follows:

06300 Corrections and Restitution Fund – This fund accounts for funds received and used for the care and support of victims. Funding is primarily provided from restitution payments and fifteen percent of inmate’s wages received in State correction facilities. Authority for the fund is the Crime Victims Reparation Act. This is a non-reverting fund as authorized under Section 31-22-12 and 33-8-8, NMSA 1978.

91600 Federal Grants Fund – This fund accounts for funds received from the Federal Victims of Crime Act (VOCA) and Federal Violence Against Women Act (VAWA) grants. These federal grants provide for administrative expenses, support for services to crime victims, and support for provider organizations which provide direct support services to victims throughout the State. The VAWA grant also provides funds to law enforcement agencies and District Attorney Offices to enhance investigation and prosecution of violence against women. Unused funds at the end of the grant period are due back to the awarding entity and do not revert back to the State General Fund as required by PL 103-386.

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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, and assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*, which was adopted by the Commission as of July 1, 2000. The Commission’s program revenues consist of federal grants. Revenue from federal grants is recognized when all eligibility requirements have been met on a “reimbursement basis.” All other revenues are considered general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included on the balance sheet. The reported fund balance is considered a measure of available spendable resources.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of spendable resources during a period. Revenues are available if collectible within the current period or soon enough afterwards to pay liabilities of the current period. The Commission considers revenues to be available if collected within sixty days of the end of the fiscal year. Expenditures are recorded when a liability is incurred, as under accrual accounting. The Commission does not have any debt service expenditures. The current portion of the compensated absences liability is not included in the fund financial statements because the State of New Mexico does not budget for any compensated absences in the current year.

D. Receivables and Payables

When applicable, amounts “due to/from other funds” between the two SHARE funds are netted for financial statement presentation when they are combined into the General Fund. Any amounts “due to/from other agencies” shown in the General Fund reflect outstanding balances of the receivables and payables between the Commission and other departments of the State of New Mexico. Amounts shown as “due to the State General Fund” reflect current year reversions for unexpended appropriations for the current fiscal year.

E. Capital Assets

Capital assets of the Commission include data processing equipment, furniture and fixtures, and equipment. The Commission does not have any infrastructure. Capital assets are defined in Section 12-6-10 NMSA 1978. Section 12-6-10 NMSA 1978 was amended effective June 19, 2005 changing the capitalization threshold of moveable chattels and equipment from items costing more than \$1,000 to items costing more than \$5,000. The Commission has adopted this change in an accounting estimate, per Accounting Principles Board (APB) 20. Old inventory items that do not meet the new capitalization threshold will remain on the inventory list and continue to be depreciated. Any items received after July 1, 2005 will be added to the inventory only if they meet the new capitalization policy. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Computer software which is purchased with computer equipment is included as part of the capitalized computer equipment in accordance with 2.20.1.9 C (5) NMAC. The Commission does not develop computer software. The cost of maintenance and repairs that do not add to the asset value or materially extend assets lives are not capitalized. The Commission does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the capital assets. Capital assets of the Commission are depreciated using zero salvage value and the straight-line method over the following estimated useful lives:

Data processing equipment including computers	4-7 years
Furniture equipment	4-10 years

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting

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

1. No later than September 1, the Commission submits to the Legislative Finance Committee (LFC) and the Department of Finance and Administration (DFA) 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. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcomes of these hearings are incorporated into the General Appropriations Act.
3. The Act is signed into law by the Governor of the State of New Mexico within the legally prescribed time limit.
4. No later than May 1, the Commission submits to the DFA an annual operating budget by category and line item based upon the appropriation made by the Legislature. The DFA Budget Division reviews and approves the operating budget, which becomes effective on July 1.
5. Budgetary control for expenditures at the fund level. The Commission cannot exceed the total budgeted expenditures for each fund in order to maintain legal budget compliance.
6. Formal budgetary integration is employed as a management control device during the fiscal year for the governmental funds. The budgets for the governmental funds are adopted on the modified accrual basis, consistent with the General Appropriations Act.
7. When the appropriation period lapses, so does the authority for the budget. All unencumbered money within the General Fund reverts to the State General Fund.
8. Any adjustment to the appropriated budget must be submitted to DFA in the form of a budget adjustment request. The original budget differs from the final budget presented in the budget comparison statements for the Commission by amendments made during the fiscal year.

In accordance with the requirements of Section 2.2.2. 10.A(2) (b) of 2.2.2 NMAC *Requirements for Contracting and Conducting Audits of Agencies* and the allowance made by GASB 34 footnote 53, the budgetary comparison statement for the General Fund has been included as part of the basic financial statements.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Accrued Compensated Absences

Annual leave and other compensated absences with similar characteristics are accrued as a liability as benefits are earned by employees if the employees' right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate employees for benefits through paid time off or some other means such as cash payments at termination or retirement.

Where applicable, the compensated absence liability is presented in two parts in the government-wide financial statements, a current portion and long-term portion. The current portion is the amount expected to be expended during fiscal year 2013. It is an estimate management determined by comparing the amount actually paid out during fiscal year 2013 compared to the liability balance at June 30, 2012.

Employees accumulate annual leave at a rate based on appointment date and length of continuous service. A maximum of 240 hours of annual leave may be carried forward after the pay period beginning in December and ending in January. When employees terminate, they are compensated at their current hourly rate for accumulated unpaid annual leave as of the date of termination, up to a maximum 240 hours. Qualified employees accumulate leave to a maximum of 240 hours as follows:

Total Years of Commission Service	Hours Earned Per Pay Period
To 3 years	3.08
Over 3 to 7 years	3.69
Over 3 to 11 years	4.61
Over 11 to 15 years	5.54
Over 15 years	6.15

Employees accumulate sick leave at a rate of 3.69 hours per pay period. There is no limit to the amount of sick leave that an employee may accumulate. State agencies are allowed to pay fifty percent of each employee's hourly rate for accumulated sick leave over 600 hours, up to 120 hours. Payment may be made only once per fiscal year at a specified pay period in either January or July. Additionally, upon retirement those employees with over 600 hours accumulated sick leave have the option to convert 400 hours of such leave to cash at one half of their hourly rate.

In accordance with GASB 16, accrued compensated absences consist of accumulated annual leave, sick leave between 600 and 720 hours, compensatory leave for employees, including the related employer's matching FICA and Medicare payroll taxes.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Reversions

Any unexpended balance remaining in SHARE Fund #90900 is generally reverted to the State General Fund. The General Appropriations Act of 2004, Section 3, Subsection N, states that “for the purpose of administration of the General Appropriations Act of 2005, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the Department of Finance and Administration.” In accordance with the DFA’s “Basis of Accounting-Modified Accrual and the Budgetary Basis,” the Office has accrued as payables amounts owed for goods and services received by June 30, 2013. Any remaining SHARE Fund 90900 fund balance not specifically reserved for prepaid postage or federal grant funds accounted for separately is being reverted to the State General Fund in accordance with Section 6-5-10, NMSA 1978.

I. Federal Grants Receivable (Deferred Revenue)

Federal grant funds are recognized as revenue when the conditions of the grant are met. Reimbursement procedures are used for federal awards received by the Commission. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances and fiscal balances at fiscal year end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, deferred revenue balances represent an overdraw of cash (advances) in excess of modified accrual basis expenditures. Generally, receivable or deferred revenue balances caused by differences in the timing of cash reimbursements and expenditures are returned to the grantor in the remaining grant period.

Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. As a result of this and other issues, management provides an allowance for potential contractual allowances for federal revenue. Any changes in these estimates are recorded in the period that the estimate is changed.

J. Net Position /Fund Balance

The government-wide financial statements utilize a net position presentation which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, in accordance with Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* issued by the Governmental Accounting Standards Board (GASB 63). Net position consists of three components: invested in capital assets, net of related debt; restricted; and unrestricted. The Commission has no debt related to capital assets; therefore, net position invested in capital assets equal the capital assets, net of related accumulated depreciation, which was zero at year end. The Commission’s financial statement reflects net position restricted because resources remaining in net position were received or earned with the explicit understanding between the Commission and the resource provider (grantor, contributor, other government, enabling legislation) that the funds would be used for a specific purpose.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Position /Fund Balance (Continued)

Generally, the Commission would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Therefore, all remaining net position that is not related to capital assets are shown as unrestricted.

In the fund financial statements, the Commission has adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing fund balance definitions.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

1. *Nonspendable* - includes amounts that cannot be spent because (1) they are either not in spendable form or (2) they are legally or contractually required to be maintained intact.
2. *Restricted* - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. *Committed* - fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government's highest level of decision-making authority removes or changes the specified use by taking the same action it employed to previously commit those amounts.
4. *Assigned* - fund balance classification intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Undesignated excess fund balances may be assigned by the Board of Commissioners.
5. *Unassigned* - fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Commission has reviewed each of the classifications and has determined that the Corrections and Restitution fund balance is restricted for the care and support of victims in compliance with Section 31-22-12 and 33-8-8, NMSA 1978. In addition, the federal grants fund has a restricted balance which represents care and support payments to victims using federal funds which have been returned to the Commission. The funds are restricted to care and support of victims.

The Commission would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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.

L. Other Operating Costs

Other operating costs reported within the financial statements include operational costs (travel, supplies, maintenance, telecommunications, and equipment rental) as well as other direct program costs. Direct program costs are payments for the care and support of victims of crime and payments to provider organizations and enforcement agencies providing direct support services to victims as well as enhancing investigation and prosecution of violence against women. Direct payments to provider organizations that are other state agencies and other state government entities are reported as their financing uses (instead of expenditures) within the governmental funds. The reporting facilitates the state-wide reporting of revenues and expenditures. All direct program costs are coordinated with an application and a review process administered by staff with financial determinations made by the Commission Board.

NOTE 3. CASH – INVESTMENTS AND COLLATERAL

Interest in the General Fund Investment Pool

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

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is available on the website of the New Mexico Department of Finance & Administration at: http://www.nmdfa.state.nm.us/Cash_Control.aspx.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller/Financial Control Division Director,

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013**

NOTE 3. CASH – INVESTMENTS AND COLLATERAL (CONTINUED)

Interest in the General Fund Investment Pool

the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting from the Remediation Project and has made changes to the State’s SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis; however, it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating all historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences post specific allocation to Pool participants will be reported in the State General Fund.

The most recent Cash Management Remediation Project Monthly Status Report dated March 8, 2013 indicates that new bank accounts were set up and DFA has commenced the creation of new ledger numbers required for the accounting associated with the new banking and accounting structure and processes. As of the audit report date, the Cash Management Remediation Build, Test, Implement, Operate (Project Phase II) is in process.

At June 30, 2013, the Commission had the following invested in the SGFIP:

Account Name	Agency Number	SHARE Fund	Balance per Books
General Fund	78000	90900	\$ 113,520
Federal Grants	78000	91600	30,769
Corrections and Restitutions Fund	78000	06300	<u>285,664</u>
Total cash accounts			<u>\$ 429,953</u>

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

NOTE 3. CASH – INVESTMENTS AND COLLATERAL (CONTINUED)

Cash accounts on deposit with the New Mexico State Treasurer do not require collateral to be pledged because they are deposits with another governmental entity. The Commission is not authorized to make investments of funds on deposit with the New Mexico State Treasurer. The Commission performs an internal reconciliation of their cash account balances as reported in the SHARE system, which mitigates the risk that the Commission’s cash balances would be misstated due to the General Fund Investment Pool not being reconciled as previously mentioned.

Interest Rate Risk

The New Mexico State Treasurer’s Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk

The New Mexico State Treasurer pools are not rated. For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2013.

NOTE 4. CAPITAL ASSETS

Summaries of changes in capital assets and related depreciation for the year ended June 30, 2013, follows:

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13
Capital Assets				
Office equipment	\$ 13,436	-	-	13,436
Office data processing equipment	<u>50,260</u>	-	-	<u>50,260</u>
Total capital assets	<u>\$ 63,696</u>	-	-	<u>63,696</u>
Accumulated Depreciation				
Office equipment	\$ 13,436	-	-	13,436
Office data processing equipment	<u>50,260</u>	-	-	<u>50,260</u>
Total accumulated depreciation	<u>\$ 63,696</u>	-	-	<u>63,696</u>
Capital Assets, net of Accumulated Depreciation				
Office equipment	\$ -	-	-	-
Machinery and equipment	<u>-</u>	-	-	<u>-</u>
Net capital assets	<u>\$ -</u>	-	-	<u>-</u>

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 4. CAPITAL ASSETS (CONTINUED)

The Commission does not have any debt related to capital assets. All capital assets were fully depreciated as of June 30, 2011, therefore, depreciation expense for the year was \$0.

NOTE 5. LONG-TERM OBLIGATIONS

During the year ended June 30, 2013, the following changes occurred:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 53,044	32,496	(54,651)	30,889	30,889
Accrued sick leave	-	26,774	(26,774)	-	-
Total	<u>\$ 53,044</u>	<u>59,270</u>	<u>(81,425)</u>	<u>30,889</u>	<u>30,889</u>

NOTE 6. REVENUES AND RECEIVABLES

General Fund revenue is received from State of New Mexico General Fund appropriations. Unused funds must be reverted to the State General Fund.

Corrections & Restitution Fund revenue is comprised of reparation awards and fifteen percent of inmate wages earned in State corrections facilities. The State is, upon payment of an award, subrogated to the right of action of the victim against the person responsible for the injury or death and may receive restitution for the amount of reparation paid. At June 30, 2013, there were no uncollected balances receivable from correctional institutions.

The Federal Grants Program receives funds from VOCA compensation grants and VAWA grants. These federal grants provide for administration expenses, support for services to crime victims and for payments to other organizations that provide direct services to victims throughout the State. The VAWA grant also provides funds to law enforcement agencies and district attorney offices to enhance the investigation and prosecution of violence against women. Unused funds returned from provider organizations are reallocated to other provider organizations. The amount reflected as receivables from federal grants represents eligible grant related expenditures incurred in the advance of grant cash receipts. At June 30, 2013, \$679,357 was receivable from the federal government under these grants. The amount reflected as deferred revenue represents funds drawn in advance of eligible grant related expenditures. At June 30, 2013, \$21,878 was received in advance of eligible expenditures from the federal government under these grants.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 7. REVERSIONS TO THE STATE GENERAL FUND

The amount shown on the balance sheet as Due to the State General Fund - Reversions is made up of the following reversions:

2013	\$ <u>23,292</u>
------	------------------

NOTE 8. PERA PENSION PLAN

Plan Description. Substantially all of the Commission's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement 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, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 8.92% of their gross salary. The Commission is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Commission are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the Legislature. The Commission's contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$108,369, \$98,176, and \$108,335, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 9. POST-EMPLOYMENT BENEFITS

Plan Description. Crime Victims Reparation Commission contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the 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.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 9. POST-EMPLOYMENT BENEFITS (CONTINUED)

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 health care 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 health care benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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, 2013, 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, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the Authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Commission's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$14,372, \$13,430, and \$11,889, respectively, which equal the required contributions each year.

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

NOTE 10. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The Commission maintains commercial insurance through the Risk Management Division for coverage for workers compensation, auto liability, general liability, civil rights, property and contents, and fidelity bonds. Management believes that a potential loss would be adequately covered by insurance and would not result in any material adverse effect on the financial condition of the Commission. During the past three years, the Commission has not had any significant reductions in insurance coverage or settlements exceeding insurance coverage.

NOTE 11. OPERATING LEASE

The Commission has commitments with non-state entities to lease office space and equipment. The lease for office space began September 1999 and expires August 2014. The lease is subject to an early termination penalty. Future minimum lease payments under the lease are as follows:

2014	\$ 95,835
2015	<u>16,283</u>
Total	<u>\$ 112,118</u>

Rental expense under the operating lease was \$86,514 for the year ended June 30, 2013.

NOTE 12. GRANT CONTINGENCIES

The Commission receives federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Commission's management, such disallowances, if any, will not be significant.

NOTE 13. INTERFUND BALANCES

Interfund balances at June 30, 2013 consisted of the following:

Due to General Fund from:	
Federal Grants Fund	<u>\$ 19,035</u>

This balance resulted from federal money received in the federal grant fund but payable to the general fund for subrecipient activity performed by the general fund. The amounts are expected to be paid within the next year.

SUPPLEMENTAL INFORMATION

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
SCHEDULE OF PERFORMANCE DATA
June 30, 2013

Type	Measure	FY13 Target Level	FY13 Yearend Result	Met Target
Victim Compensation Program Performance Measures				
Output	<p>Number of formal internal staff trainings conducted annually.</p> <p><i>Year end Results Narrative</i> - We believe that providing our staff with training regarding victim's rights and issues has been a positive influence. Due to turnover within upper management in the agency the number of formal trainings for FY13 was less than anticipated.</p>	6	3	No
Efficiency	<p>Average number of days to process applications</p> <p><i>Year end Results Narrative</i> - Processing time for claims has consistently been less than 120 days for the past two fiscal years. CVRC is working to decrease this time even further next FY.</p>	<120	<120	Yes
Outcome	<p>Percent increase in the number of reparation applications received.</p> <p><i>Year end Results Narrative</i> - CVRC believes that the decrease in the number of applications received in FY13 is a result of fewer District Attorney Advocates throughout the state. According to national and state statistics violent crime has decreased in the</p>	5%	-6%	No
Efficiency	<p>Percent of payment vouchers for Care & Support sent to DFA within two working days or receipt of payment list.</p> <p><i>Year end Results Narrative</i> - In FY13, there were no budget related actions forcing the reduction and/or delay in payments to providers.</p>	90%	90%	Yes
Outcome	<p>Percent of victims receiving direct advocacy.</p> <p><i>Year end Results Narrative</i> - The victim advocate position was vacant throughout the year and although Reparation Officers provided direct advocacy, CVRC was unable to meet this goal in</p>	90%	80%	No
Output	<p>Number of victims receiving direct advocacy.</p> <p><i>Year end Results Narrative</i> - The victim advocate was vacant throughout the year and although Reparation Officers provided direct advocacy, CVRC was unable to meet this goal in FY13.</p>	1800	1353	No

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
 SCHEDULE OF PERFORMANCE DATA - CONTINUED
 June 30, 2013

Type	Measure	FY13 Target Level	FY13 Yearend Result	Met Target
Federal Grant Administration Program Performance Measures (Continued)				
Efficiency	Percent of sub recipients that receive compliance monitoring via desk audits. <i>Year end Results Narrative</i> - The target objective for the current fiscal year was met.	85%	85%	Yes
Output	Number of training workshops conducted for sub recipients. <i>Year end Results Narrative</i> - With training workshops conducted throughout the year across the State, sub-recipients receive vital information in correct federal grant reporting requirements as well as increased knowledge of the reparation application process. Trained sub-recipients are less likely to submit incorrect statistical and financial reports, which improves the efficiency of the program.	10	11	Yes
Outcome	Percent increase in number of services provided to victims of violent crime by grant sub-recipients. <i>Year end Results Narrative</i> - The overall increase is due the slight increase in VOCA funds given to subgrantees.	2%	9%	Yes
Efficiency	Percent of site visits conducted. <i>Year end Results Narrative</i> - The VAWA Administrator retired and the VOCA Administrator received a promotion, causing vacancy for a time period, in addition to a training period for the new administrators. This hindered the grant administrators' abilities to complete the requisite number of site visits.	30%	26%	No
Output	Number of state-wide training conferences held for service providers and victims advocates. <i>Year end Results Narrative</i> - The target objective for the current fiscal year was exceeded..	1	2	Yes

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
 SCHEDULE OF PERFORMANCE DATA - CONTINUED
 June 30, 2013

Type	Measure	FY13 Target Level	FY13 Yearend Result	Met Target
Federal Grant Administration Program Performance Measures (Continued)				
Efficiency	Number of working days to complete payment voucher after completion of draw-down. <i>Year end Results Narrative</i> - Internal policies and procedures are followed to ensure compliance with this measure.	6	6	Yes
Output	Number of working days between expenditure of federal funds and request for reimbursement from the federal treasury. <i>Year end Results Narrative</i> - The experience of the staff in this position has led to a quick turnaround as it pertains to the reimbursement requests being processed.	5	5	Yes

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013**

Grantor Agency and Grant Title	Federal CFDA Number	Federal Expenditures
U. S. Department of Justice		
VOCA - Crime Victims Assistance		
2010-VA-GX-0099	16.575	\$ 47,004
2011-VA-GX-0005	16.575	994,956
2012-VA-GX-0011	16.575	2,014,716
		<u>3,056,676</u>
VOCA - Crime Victims Compensation		
2010-VC-GX-0038	16.576	6,190
2011-VC-GX-0009	16.576	538,068
2012-VC-GX-0005	16.576	177,406
		<u>721,664</u>
VAWA - Violence Against Women Formula Grants		
2010-WF-AX-0047	16.588	63,243
2011-WF-AX-0021	16.588	1,017,374
2012-WF-AX-0023	16.588	95,966
		<u>1,176,583</u>
SASP - Sexual Assault		
2011-KF-AX-0044	16.017	162,364
		<u>162,364</u>
		<u>\$ 5,117,287</u>
Reconciliation to the Statement of Revenues and Expenditures and Changes in Fund Balances - Governmental Funds:		
Total expenditures - Federal grants		\$ 4,451,128
Other financing uses - Federal grants		<u>666,159</u>
		<u>\$ 5,117,287</u>

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
June 30, 2013**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Commission. The schedule is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*.

NOTE 2. PASS-THROUGH TO SUBRECIPIENTS

The Commission was the pass-through agent for Crime Victims Assistance and Violence Against Women Formula Grants in the amounts of \$3,089,261 and \$1,043,122, respectively.

Ricci, Porch & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS
6200 UPTOWN BLVD. NE - SUITE 400
ALBUQUERQUE, NM 87110

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*

Independent Auditor's Report

Mr. Hector Balderas, New Mexico State Auditor
and
Marron Lee, Esq., Chairwoman and
the Board of Commissioners
New Mexico Crime Victims Reparation Commission and
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, each major fund, and the budgetary comparisons of the General Fund and major special revenue funds, of the Crime Victims Reparation Commission (Commission) as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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.

Mr. Hector Balderas, New Mexico State Auditor
and
Marron Lee, Esq., Chairwoman, and the Board of Commissioners
New Mexico Crime Victims Reparation Commission
Albuquerque, New Mexico

Our consideration of the 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 Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, Paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying Schedule of Findings and Responses as Findings 12-01, 2013-01 and 2013-02.

Commission's Responses to Findings

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

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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ricci, Porch & Company LLC

Albuquerque, New Mexico
December 19, 2013

Ricci, Porch & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS
6200 UPTOWN BLVD. NE - SUITE 400
ALBUQUERQUE, NM 87110

Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance; Required by OMB Circular A-133

Independent Auditor's Report

Mr. Hector Balderas, New Mexico State Auditor
and
Marron Lee, Esq., Chairwoman, and
the Board of Commissioners
New Mexico Crime Victims Reparation Commission
Albuquerque, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the New Mexico Crime Victims Reparation Commission's (Commission) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2013. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Mr. Hector Balderas, New Mexico State Auditor
and
Marron Lee, Esq., Chairwoman, and
the Board of Commissioners
New Mexico Crime Victims Reparation Commission
Albuquerque, New Mexico

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Example Entity's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Mr. Hector Balderas, New Mexico State Auditor
and
Marron Lee, Esq., Chairwoman, and
the Board of Commissioners
New Mexico Crime Victims Reparation Commission
Albuquerque, New Mexico

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ricci, Porch & Company LLC

Albuquerque, New Mexico
December 19, 2013

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2013**

12-01 Reversion to the State General Fund
12-02 Travel and Per Diem

Modified and Repeated
Resolved

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2013**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? Yes None Reported

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es) Yes None Reported

Type of auditor's report issued on compliance for Major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of Major Programs Tested

VOCA – Crime Victims Assistance

CFDA Number
16.575

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes No

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

B. FINDINGS – OTHER MATTERS

12-01 REVERSION TO THE STATE GENERAL FUND (REPEAT OTHER)

CONDITION

Estimated reversions related to fiscal year 2013 were not reverted until October 2013.

CRITERIA

Section 6-5-10, NMSA 1978, requires “all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30, be reverted by September 30 to the General Fund. The division may adjust the reversion within forty five days of release of the audit report for that fiscal year.” The 2013 New Mexico State Auditor Rule 2.2.2.12(A)(6)(b) requires a finding should an agency not be in compliance with this requirement.

EFFECT

The Department is not in compliance with 6-5-10, NMSA 1978. To avoid the potential of future sanctioning, the Commission should submit reversions in a timely manner. In addition, the Department is not practicing ideal cash management since liabilities are not paid in a timely manner.

CAUSE

The late submission is believed to be a result of turnover in the financial personnel shortly after fiscal year end.

RECOMMENDATION

We recommend that the Commission implement controls to ensure that funds are reverted in a timely manner, which is no later than September 30, 2013.

MANAGEMENT RESPONSE

Due to the sudden and unexpected resignation of our CFO on September 20, 2013, our agency was unaware of the status of reverted funds, other budgeting issues at the time of his resignation, and any outstanding issues and deadlines. Our agency went to great lengths to research and comply with the necessary budget and audit deadlines as quickly as possible once they became known to us.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

B. FINDINGS – OTHER MATTERS (CONTINUED)

2013-01 LATE SUBMISSION OF AUDIT REPORT (OTHER)

CONDITION

Per NMAC 2.2.2.9, the annual financial statement accompanied by the independent auditor's report was required to be delivered to the Office of the New Mexico State Auditor by December 16, 2013. The financial statement audit report was not delivered to the State Auditor until December 19, 2013 as the Commission was unable to produce all supporting documents and schedules necessary to complete the audit on time.

CRITERIA

NMAC 2.2.2.9 requires that all state agencies submit financial statement audit reports to the State Auditor no later than 60 days after the Financial Control Division of the Department of Finance and Administration provides the State Auditor with notice that the agencies' books and records are available for audit. For fiscal year 2013 reports, this date was December 16, 2013.

EFFECT

The Commission made efforts for compliance with the due date and worked with its external auditor to provide a draft to the State Auditor by December 16, 2013, however the external auditor did not receive sufficient supporting documentation in time to submit the report timely.

CAUSE

The cause is believed to be a result of turnover in the financial personnel shortly after fiscal year end.

RECOMMENDATION

We recommend that the Commission give priority to continuous staffing of the financial personnel positions during the coming year. Reconciliation of accounts at the beginning of the audit will facilitate the timely completion of the audit.

MANAGEMENT RESPONSE

Due to the sudden and unexpected resignation of our CFO on September 20, 2013, our agency was unaware of the status of reverted funds, other budgeting issues at the time of his resignation, and any outstanding issues and deadlines. Our agency went to great lengths to research and comply with the necessary budget and audit deadlines as quickly as possible once they became known to us.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

B. FINDINGS – OTHER MATTERS (CONTINUED)

2013-02 FINANCIAL STATEMENT RECONCILIATIONS (OTHER)

CONDITION

We noted several balance sheet accounts were not reconciled at year-end. In addition, numerous audit adjusting journal entries were required.

CRITERIA

NMAC 2.20.5.8 requires that model accounting practices, established by the division are followed. Model accounting practices include the following:

- All transactions are properly classified in the agency's accounting records
- All accounting systems, including subsidiary systems, are recording transaction timely, completely, and accurately.

EFFECT

Due to these deficiencies, the monthly internal financial statements may have contained errors or discrepancies.

CAUSE

The cause is believed to be a result of turnover in the financial personnel shortly after fiscal year end.

RECOMMENDATION

We recommend that further assistance be provided to the accounting personnel and mandatory procedures be implemented so that internal financial statements can be relied upon. Management should continue in its efforts to hire an individual with sufficient educational background, knowledge, and experience necessary to supervise, monitor and control the Commission's accounting function.

MANAGEMENT RESPONSE

As stated earlier, our CFO left our agency in September. He stated he had everything prepared for the upcoming audit. Unfortunately, the monthly reconciliations were not completed. The remaining financial staff member had not been trained to reconcile expenditures to budget but all approved expenditures were checked and the required signature obtained to ensure funding was available.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

B. FINDINGS – OTHER MATTERS (CONTINUED)

2013-02 FINANCIAL STATEMENT RECONCILIATIONS (CONTINUED)

MANAGEMENT RESPONSE (CONTINUED)

Our agency has worked expeditiously in trying to fill the CFO vacancy position, but had to adhere to NEOGOV, the electronic system to apply for state jobs as administered by State Personnel Office (SPO) and SPO requirements. Our agency selected a candidate for the CFO position in November and we were not notified until December 13, 2013 of SPO's approval. The new candidate's start date is January 6, 2014. We will instruct the new CFO to prepare a detailed outline of standard operating procedures and also cross train with the financial analyst in order to eliminate any future budgeting issues for this agency.

**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION
EXIT CONFERENCE
For the Year Ended June 30, 2013**

Exit Conference

An exit conference was held on December 13, 2013 to discuss the annual financial report. Attending were the following:

Representing the New Mexico Crime Victims Reparation Commission:

Marron Lee, Esq., Chairman
Frank Zubia, Director
Robin Brassie, Deputy Director
Tanya Ramirez-Martinez, Financial Specialist

Representing the Independent Auditor:

Shawn Mortensen, CPA
Colleen Gabaldon

Note: Management is responsible for the context of the report, even though the financial statements were prepared substantially by the independent auditor.