

**NEW MEXICO CRIME VICTIMS  
REPARATION COMMISSION  
INDEPENDENT AUDITORS' REPORT  
AND ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**



## **INTRODUCTORY SECTION**

**NEW MEXICO CRIME VICTIMS  
REPARATION COMMISSION  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2016**

Official Roster  
June 30, 2016

**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
Cindy Mok	Chief Financial Officer

**NEW MEXICO CRIME VICTIMS  
REPARATION COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2016**

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**FINANCIAL SECTION**



# Griego Professional Services, LLC

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Marron Lee, Esq., Chairwoman, and  
The Board of Commissioners  
New Mexico Crime Victims Reparation Commission  
Albuquerque, New Mexico and  
Mr. Tim Keller, New Mexico State Auditor

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds of New Mexico Crime Victims Reparation Commission (the Commission), as of and for the year ended June 30, 2016, 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 misstatements, 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 with 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 misstatements 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of the Commission as of June 30, 2016, 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 and of June 30, 2016, 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*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Commission's financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.

The *Schedule of Expenditures of Federal Awards and other schedules required by Section 2.2.2 NMAC* are the responsibility of management and was derived from and relates 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 and other schedules required by Section 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Vendors over \$60,000 (excluding GRT) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the Commission's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
November 18, 2016

**BASIC  
FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO**  
**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

Exhibit A-1

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Investment in the General Fund Investment Pool	\$ 1,178,065
Intergovernmental accounts receivable	1,259,067
Capital assets, net	35,771
<i>Total assets</i>	2,472,903
 <b>LIABILITIES</b>	
Accounts payable	\$ 1,444,713
Accrued payroll	47,339
Due to State General Fund	8,478
Due to other agencies	260,648
Due to local governments	5,766
Compensated absences due within one year	64,073
<i>Total liabilities</i>	1,831,017
 <b>NET POSITION</b>	
Net investment in capital assets	35,771
Restricted	83,031
Unrestricted	523,084
<i>Total net position</i>	\$ 641,886

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit A-2

<u><b>Functions/Programs</b></u>	<u><b>Program Revenues</b></u>			<u><b>Net Expenses and Changes in Net Position</b></u>
	<u><b>Expenses</b></u>	<u><b>Charges for Services</b></u>	<u><b>Operating Grants</b></u>	
<b>PRIMARY GOVERNMENT</b>				
Governmental activities:				
Personnel Services	\$ 1,264,178	\$ -	7,275,975	\$ -
Contractual Services	200,108	-	-	-
Other costs	8,310,636	-	-	-
Capital outlay project	-	-	-	-
Total Primary Government	<u>\$ 9,774,922</u>	<u>\$ -</u>	<u>\$ 7,275,975</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Miscellaneous revenues				255,518
Inmate restitutions				612
Transfer from the State General Fund Appropriation				2,504,900
Transfer out reversion due to the State				-
Total general revenues and transfers				<u>2,761,030</u>
Change in net position				262,083
Net position, beginning of year				<u>379,803</u>
Net position, end of year				<u><u>\$ 641,886</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

Exhibit B-1

	General Fund	Corrections and Restitution	Federal Grants	Total
<b>ASSETS</b>				
<i>Current assets:</i>				
Investment in the General Fund				
Investment Pool	\$ 158,238	\$ 654,803	\$ 365,024	\$ 1,178,065
Intergovernmental receivables	-	-	1,259,067	1,259,067
Due from other state agencies	-	26,009	-	26,009
Due from other funds	32,713	-	-	32,713
	<u>32,713</u>	<u>-</u>	<u>-</u>	<u>32,713</u>
<i>Total assets</i>	<u>\$ 190,951</u>	<u>\$ 680,812</u>	<u>\$ 1,624,091</u>	<u>\$ 2,495,854</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<i>Current liabilities:</i>				
Accounts payable	\$ 60,954	\$ 139,429	\$ 1,244,330	\$ 1,444,713
Accrued payroll	38,488	-	8,851	47,339
Due to other funds	-	-	32,713	32,713
Compensated absences	-	-	-	-
Due to outside agencies:				
State General Fund	8,478	-	3,524	12,002
State Agencies	-	-	288,899	288,899
	<u>107,920</u>	<u>139,429</u>	<u>1,578,317</u>	<u>1,825,666</u>
<i>Total liabilities</i>	<u>107,920</u>	<u>139,429</u>	<u>1,578,317</u>	<u>1,825,666</u>
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted for:				
General Fund	83,031	-	-	83,031
Special revenue	-	541,383	45,774	587,157
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>83,031</u>	<u>541,383</u>	<u>45,774</u>	<u>670,188</u>
<i>Total fund balances</i>	<u>83,031</u>	<u>541,383</u>	<u>45,774</u>	<u>670,188</u>
<i>Total liabilities and fund balances</i>	<u>\$ 190,951</u>	<u>\$ 680,812</u>	<u>\$ 1,624,091</u>	<u>\$ 2,495,854</u>

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

**STATE OF NEW MEXICO**  
**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 670,188
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	35,771
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	<u>(64,073)</u>
Total Net Position	<u><u>\$ 641,886</u></u>

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

## STATE OF NEW MEXICO

Exhibit B-2

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Corrections and Restitution	Federal Grants	Total
<i>Revenues:</i>				
Inmate restitutions	\$ -	\$ 505,602	\$ -	\$ 505,602
Federal grants	-	-	6,788,281	6,788,281
Penalties	-	238,222	-	238,222
<i>Total revenues</i>	<u>-</u>	<u>743,824</u>	<u>6,788,281</u>	<u>7,532,105</u>
<i>Expenditures:</i>				
Current:				
Public safety:				
Personnel services	1,014,884	-	240,525	1,255,409
Contractual services	224,800	-	50,308	275,108
Capital Outlay	11,510	-	-	11,510
Operating costs	1,170,445	547,101	6,501,440	8,218,986
<i>Total expenditures</i>	<u>2,421,639</u>	<u>547,101</u>	<u>6,792,273</u>	<u>9,761,013</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,421,639)</u>	<u>196,723</u>	<u>(3,992)</u>	<u>(2,228,908)</u>
<i>Other financing sources (uses):</i>				
Transfers				
From the State General Fund	2,504,900	-	-	2,504,900
Current year reversion	(230)	-	-	(230)
<i>Total other financing sources</i>	<u>2,504,670</u>	<u>-</u>	<u>-</u>	<u>2,504,670</u>
<i>Net change in fund balances</i>	83,031	196,723	(3,992)	275,762
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>344,660</u>	<u>49,766</u>	<u>394,426</u>
<i>Fund balances - end of year</i>	<u>\$ 83,031</u>	<u>\$ 541,383</u>	<u>\$ 45,774</u>	<u>\$ 670,188</u>

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

**STATE OF NEW MEXICO**  
**NEW MEXICO CRIME VICTIMS REPARATION COMMISSION**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Exhibit B-2

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 275,762
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Depreciation expense	(13,301)
Capital expenditures	8,391
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore not reported as expenditures in governmental funds.</p>	
Decrease in accrued compensated absences	<u>(8,769)</u>
Change in net position	<u><u>\$ 262,083</u></u>

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

## STATE OF NEW MEXICO

Exhibit C-1

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		YTD Actual	Variance Final vs Actual Favorable (Unfavorable )
	Original	Final		
<i>Revenues:</i>				
State General Fund Appropriations	\$ 2,520,000	\$ 2,504,900	2,504,900	\$ -
Federal Pass-Through Funds	-	-	-	-
Miscellaneous revenue	-	-	-	-
<i>Total revenues</i>	2,520,000	2,504,900	2,504,900	-
<i>Expenditures:</i>				
<i>Public safety:</i>				
Personnel services	1,025,100	1,015,100	1,014,886	214
Contractual services	214,800	224,800	224,800	-
Operating costs	1,280,100	1,265,000	1,181,953	83,047
<i>Total expenditures</i>	2,520,000	2,504,900	2,421,639	83,261
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	83,261	(83,261)
<i>Other financing sources (uses):</i>				
Prior year A/P not encumbered	-	-	-	-
Current year reversion to State General Fund	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	\$ -	\$ -	\$ 83,261	\$ 83,261
<b><i>Reconciliation to GAAP Basis:</i></b>				
Net change in fund balances			\$ 83,261	
Adjustments to revenues			-	
Adjustments to expenditures			(230)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 83,031	

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

## STATE OF NEW MEXICO

Exhibit C-2

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL  
CORRECTIONS AND RESTITUTION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		YTD Actual	Variance Final vs Actual Favorable (Unfavorable )
	Original	Final		
<i>Revenues:</i>				
Inmate restitution	\$ 587,200	\$ 587,200	\$ 505,602	\$ (81,598)
Penalty revenue	-	-	238,222	238,222
<i>Total revenues</i>	587,200	587,200	743,824	156,624
<i>Expenditures:</i>				
<i>Public safety:</i>				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Operating costs	587,200	587,200	547,101	40,099
<i>Total expenditures</i>	587,200	587,200	547,101	40,099
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	196,723	116,525
<i>Other financing sources (uses):</i>				
Prior year A/P not encumbered	-	-	-	-
Current year reversion to State General Fund	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	\$ -	\$ -	\$ 196,723	\$ 116,525
<b><i>Reconciliation to GAAP Basis:</i></b>				
Net change in fund balances			\$ 196,723	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ 196,723	

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



## STATE OF NEW MEXICO

Exhibit C-3

NEW MEXICO CRIME VICTIMS REPARATION COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL  
FEDERAL GRANTS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		YTD Actual	Variance Final vs Actual Favorable (Unfavorable )
	Original	Final		
<i>Revenues:</i>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Federal grants	5,296,300	10,157,347	6,788,281	(3,369,066)
<i>Total revenues</i>	5,296,300	10,157,347	6,788,281	(3,369,066)
<i>Expenditures:</i>				
Public safety:				
Personnel services	258,000	290,000	240,525	49,475
Contractual services	25,000	77,750	50,308	27,442
Operating costs	5,013,300	9,789,597	6,501,440	3,288,157
<i>Total expenditures</i>	5,296,300	10,157,347	6,792,273	3,365,074
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(3,992)	(6,734,140)
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Prior year A/P not encumbered	-	-	-	-
Current year reversion to State General Fund	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	\$ -	\$ -	\$ (3,992)	\$ (6,734,140)
<b><i>Reconciliation to GAAP Basis:</i></b>				
Net change in fund balances			\$ (3,992)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (3,992)	

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

**STATE OF NEW MEXICO**  
**CRIME VICTIMS REPARATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1. ORGANIZATION: HISTORY AND FUNCTION**

The State of New Mexico Crime Victims Reparation Commission (the 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 New Mexico Crime Victims Reparation Commission (the Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of New Mexico Crime Victims Reparation Commission's accounting policies are described below.

During the year ended June 30, 2016, the Commission adopted GASB Statements No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*, and a portion of No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statements Nos. 72, 76, and 79, as well as the implemented portion of Statement No. 73, are required to be implemented for the fiscal year ending June 30, 2016.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

**STATE OF NEW MEXICO**  
**CRIME VICTIMS REPARATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2016 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2016 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation. As an agency of the State of New Mexico, full disclosure is not applicable to the Commission. As such the disclosure provided at Note 8 provides relevant disclosure.

The objective of GASB Statement No. 76 is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement enhances comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share. As an agency of the State of New Mexico, the Commission has disclosed investment in the State General Fund Investment Pool as disclosed in Note 3.

GASB Statement No. 82 objective is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. *Reporting Entity***

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

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 government “reporting entity” as described 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 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 (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the non-fiduciary activities of the primary government. When applicable, the effect of interfund activity has been removed from these statements. 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.

The accounts of the Commission are organized on a fund basis, 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 assets, liabilities, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for 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.

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The following fund types and account groups are used by the Seventh Judicial District Court.

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the Commission and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always reported as a major 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.

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for revenue sources that are legally restricted to expenditures for specific purposes. No expenditures can be made from the Special Revenue Funds for general operations of the Commission. 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 (15) 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.

B. *Government-wide and fund financial statements (Continued)*

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.

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

**Deferred outflows of resources** – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

**Deferred inflows of resources** – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

**Net position** – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

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.

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide financial statements are reported using the economic resources 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.

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 (60) 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 statements 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:

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 the Senate Finance Committees. The final outcome of these hearings is 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. Budget control for expenditures is by category of expenditures and, to meet legal compliance, cannot exceed the total budget for the fund.
6. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund, Special Revenue Funds and Capital Project Fund. 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 adjustments 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 make by GASB 34 footnote 53, the budgetary comparison statement for the General Fund has been included as part of the basic financial statements.

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 employee's 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 2016. It is an estimate management determined by comparing the amount actually paid out during fiscal year 2016 compared to the liability balance at June 30, 2016.

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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:

<u>Years of Service</u>	<u>Hours Earned Per Pay Period</u>
Under 3 yrs	3.08
3 yrs - 7 yrs	3.69
7 yrs - 11 yrs	4.61
11 yrs – 15 yrs	5.54
Over 15 yrs	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.

H. *Reversions*

Any unexpected balance remaining in SHARE Fund #90900 is generally reverted to the State General Fund. The General Appropriations Act of 2004, Section 3, Subsection N, state 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 model of 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 Commission has accrued as payables amounts owed for goods and services received by June 30, 2016. 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 (Unearned 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, unearned revenue balances represent an overdraw of cash (advances) in excess of modified accrual basis expenditures. Generally, receivable or unearned 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.



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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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 Government 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:

- i. *Nonspendable* – includes amount 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.
- ii. *Restricted* – fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- iii. *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.
- iv. *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.
- v. *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 had 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.

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

K. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles 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 within the financial determinations made by the Commission Board.

**NOTE 3. CASH AND INVESTMENTS**

**General Fund Investment**

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

For further information regarding the GFIP, please see the State Treasurer's annual audit report and specifically refer to the GASB 40 disclosure of investments. That report may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0708.

As of June 30, 2016, the Commission had the following invested in the SGFIP:

<u>Account Name</u>	<u>Agency Number</u>	<u>SHARE Fund</u>	<u>Balance per Books</u>
General Fund	78000	90900	\$ 158,238
Federal Grants	78000	91600	365,024
Corrections and Restitutions Fund	78000	06300	654,803
Total Governmental Funds			<u>\$ 1,178,065</u>

**Custodial Credit Risk**

The New Mexico State Treasurer's Office monitors the collateral for deposits it holds, which would include the investment accounts of the Commission. Therefore, collateralization of the Commission's accounts is the responsibility of the STO. The STO has its own separate annual independent audit in which the collateral pledged to secure these deposits is disclosed. By law, the Commission is not permitted to have any investments other than what is held at the State Treasurer's Office and the Commission did not have any other investments during the year ended June 30, 2016. There is no custodial risk at the Commission's level since the Commission's investments are under the contract of the Office of the State Treasurer.

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**NOTE 3. CASH AND INVESTMENTS (Continued)**

**General Fund Investment Pool Not Reconciled**

On August 8, 2016 the New Mexico Department of Finance and Administration, Financials Control Division issued a memorandum regarding the reconciliation of the State General Fund Investment Pool. It stated that the Financial Control Division in collaboration with the State Treasurer's Office, implemented a comprehensive reconciliation model that compared aggregated agency claims on the State General Fund Investment Pool and to the associated resources held by the State Treasurer's Office. This process now has been reviewed by the IPA's performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial report for fiscal year 2015. Each review of the process deemed I to be adequate and the findings related to the Cash Reconciliation were significantly reduced or eliminated. Successfully addressing this issue allowed the Department to reinstate \$100M that had been reserved as a loss contingency.

For fiscal year 2016 the following assertions are provided;

1. The calculated difference between resources maintained by STO and the agency claims has remained stable and within a narrow acceptable range < \$200k (standard deviation) over the last twelve months;
2. Resources are sufficient to cover claims and there is no need to adjust any specific business unit claim on the SGFIP, and
3. All claims will be honored at face value.

With specific reference to the Crime Victims Reparation Commission, the Commission has provided copies of the diagnostic reports to the IPA. The Commission has also explained and provided copies to the IPA what policies and procedures are in place that ensures that the cash balances in SHARE are correct to the extent that the Commission has control (i.e. collection, depositing, reconciling, bank statements validation, and documentation of outstanding reconciling items) of cash it receipts and transfers to the state general fund and other agencies pursuant to state statute.

The Commission has an interest in the State General Fund Investment Pool allocated between their funds operating under the oversight of SHARE and the State Treasurer's Office. The cash transactions processed by the Board flow through the state general fund investment pool.

The Board developed internal reconciliation procedures to ensure that cash receipts and disbursement recorded in the SHARE system are in fact transactions that have been initiated by the Commission. Monthly reconciliation procedures throughout the fiscal year, include, but are not limited to validation of: allotments, deposits, expenditures, general entries, transfers, payroll expenditures and liabilities and all federal grant transactions. The Commission conducts ongoing tracking of all cash deposits and financials transactions to ensure that they are accurately recorded and posted to the SHARE system. This monthly internal reconciliation of cash receipts and disbursements flowing through the Commission share of the state general fund investment pool provides management assurance that the balance reflected in the State General Fund Investment Pool account is accurate as of the end of the reporting period.

**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, 3016.

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**NOTE 4. CAPITAL ASSETS**

A summary of changes in capital assets and accumulated depreciation is as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital Assets:				
Office equipment	\$ 17,974	\$ -	\$ -	\$ 17,974
Office data processing equipment	<u>54,710</u>	<u>8,391</u>	<u>-</u>	<u>63,101</u>
Total capital assets	<u>72,684</u>	<u>8,391</u>	<u>-</u>	<u>81,075</u>
Less Accumulated Depreciation:				
Office equipment	\$ 6,464	\$ 2,878	\$ -	\$ 9,342
Office data processing equipment	<u>25,539</u>	<u>10,423</u>	<u>-</u>	<u>35,962</u>
Total accumulated depreciation	<u>32,003</u>	<u>13,301</u>	<u>-</u>	<u>45,304</u>
Capital Assets, net of Accumulated Depreciation:				
Office equipment	11,510	(2,878)	-	8,632
Office data processing equipment	<u>29,171</u>	<u>(2,032)</u>	<u>-</u>	<u>27,139</u>
Net Capital Assets	<u>\$ 40,681</u>	<u>\$ (4,910)</u>	<u>\$ -</u>	<u>\$ 35,771</u>

The Commission does not have any debt related to capital assets. Capital asset additions were purchased at year end and therefore, not depreciated in current year. Therefore, depreciation expense for the year was \$13,301.

**NOTE 5. CHANGES IN COMPENSABLE ABSENCES**

A summary of changes in compensable absences is as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Amount Due</u> <u>Within One</u> <u>Year</u>
Accrued Compensable Absences:					
Accrued Annual Leave	\$ 55,305	\$ 51,057	\$ 42,289	\$ 64,073	\$ 64,073
Total Accrued					
Compensable Absences	<u>\$ 55,305</u>	<u>\$ 51,057</u>	<u>\$ 42,289</u>	<u>\$ 64,073</u>	<u>\$ 64,073</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, 2016, 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, 2016, \$1,259,067 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, 2016, \$288,899 was received in advance of eligible expenditures from the federal government under these grants.

**STATE OF NEW MEXICO**  
**CRIME VICTIMS REPARATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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:

2016	\$ 7,626
2017	<u>852</u>
	<u>\$ 8,478</u>

**NOTE 8. PENSION PLAN - Public Employees Retirement Association**

***GASB 68 - Financial Reporting and Disclosure for Multiple-Employer Cost Sharing Pensions Plans by Employers***

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2016. The Commission, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

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

**NOTE 9. POST-EMPLOYMENT BENEFITS – State Retiree Health Care Plan**

*Plan Description.* New Mexico Crime Victims Reparation Commission contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and / or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person’s behalf, unless that person retires before the employer’s RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer’s effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 1990; (3) former legislators who served at least two years; and (4) former governing authority members who served at least four years. The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque NM 87107.

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus 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 premiums to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

**STATE OF NEW MEXICO**  
**CRIME VICTIMS REPARATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9. POST-EMPLOYMENT BENEFITS – State Retiree Health Care Plan (continued)**

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 who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement), during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.500% of each participating employee's annual salary; and each participating employee was required to contribute 1.250% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, 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, 2016, 2015 and 2014 were \$17,018, \$15,968, and \$13,690 respectively, which equal the required contributions for each year.

**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 spaces and equipment. The Commission began a new lease for office space began December 2015.

Rental expense under the operating lease was \$103,114 for the year ended June 30, 2016.

**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, 2016 consisted of the following:

Due to General Fund from:	
Federal Grants Fund	\$ <u>32,713</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.

**STATE OF NEW MEXICO**  
**CRIME VICTIMS REPARATION COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 14. NET POSITION AND FUND BALANCE**

Net Position for Investment in Capital Assets consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The agency has no outstanding debt relating to capital assets.

Net Position consists of the following:

	General Fund	Corrections and Restitution	Federal Grants	Total
Unrestricted:				
Undesignated	\$ —	\$ 541,383	\$ 45,771	\$ 587,157
Assigned	—	—	—	—
Less Accrued Compensable Absences	(64,073)	—	—	(64,073)
Net Position Unrestricted	<u>\$ (64,073)</u>	<u>\$ 541,383</u>	<u>\$ 45,774</u>	<u>\$ 523,084</u>
Net Investment in Capital Assets	35,771	—	—	—
Restricted	83,031	—	—	—
Total Net Position	<u>\$ 54,729</u>	<u>\$ 541,383</u>	<u>\$ 45,774</u>	<u>\$ 641,886</u>

**Fund Balance:** In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted:* Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. As restricted balances related to the General Fund, the carryover is allowed per 2016 Legislation – HB2, Ch. 11, Section 5, Items 45; Unless otherwise indicated, the appropriation may be expended in fiscal years 2016 and 2017. Unless otherwise indicated, any unexpended balances of the appropriations remaining at the end of fiscal year 2017 shall revert to the appropriate fund.

*Committed:* Consist of amounts that can only be used 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 removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

*Assigned:* Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned:* Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Fund Balance consists of the following:

	General Fund	Corrections and Restitution	Federal Grants	Total
Restricted	\$ 83,031	\$ 541,383	\$ 45,774	\$ 670,188

**SUPPLEMENTARY INFORMATION**



STATE OF NEW MEXICO  
 CRIME VICTIMS REPARATION COMMISSION  
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (excluding GRT)  
 JUNE 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract</i>	<i>Amount of Awarded Contract</i>	<i>Amount of Amended Contract</i>
780	Crime Victims Reparation Commission	State Agency	NONE					

<i>Physical Address of <u>ALL</u> Vendor (City, State)</i>	<i>Did Vendor provide documentation of eligibility for in-state preference</i>	<i>Did Vendor provide documentation of eligibility for veterans' preference</i>	<i>Brief Description of the Scope of Work</i>
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**COMPLIANCE SECTION**



# Griego Professional Services, LLC

Certified Public Accountants

## **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***

Marron Lee, Esq., Chairwoman, and  
The Board of Commissioners  
New Mexico Crime Victims Reparation Commission  
Albuquerque, New Mexico and  
Mr. Tim Keller, New Mexico State Auditor

We have audited, in accordance with the auditing standard 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, the budgetary comparisons of the general fund and the major special revenue funds of New Mexico Crime Victims Reparation Commission (the Commission), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 18, 2016.

### **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 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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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.

P.O. Box 37379 • Albuquerque, NM 87176-7379  
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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether New Mexico Crime Victims Reparation 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Purpose of this Report**

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

*Grigo Professional Services, LLC*

Albuquerque, New Mexico  
November 18, 2016



# Griego Professional Services, LLC

Certified Public Accountants

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVERCOMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Marron Lee, Esq., Chairwoman, and  
The Board of Commissioners  
New Mexico Crime Victims Reparation Commission  
Albuquerque, New Mexico and  
Mr. Tim Keller, New Mexico State Auditor

### Report on Compliance for Each Major Federal Program

We have audited New Mexico Crime Victims Reparation Commission (the “Commission”) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) 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, 2016. 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 major 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 the requirements of Title 2 U.S. Code of federal regulations 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

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 the Commission’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, 2016.

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## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item FA 2016-001. Our opinion on each major federal program is not modified with respect to these matters

The Commission's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Management of New Mexico Crime Victims Reparation 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 Uniform Guidance, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item FA 2016-001 that we consider to be a significant deficiency.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, New Mexico  
November 18, 2016

**STATE OF NEW MEXICO**  
**CRIME VICTIMS REPARATION COMMISSION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2016**

Schedule II

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Grant Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Justice</b>			
VOCA - Crime Victims Assistance (1)	2013/2014/2015-VGX- 0070/0059/0053	16.575	\$ 4,687,329
VOCA - Crime Victims Compensation	2013/2014-VC-GX- 0052/0038	16.576	526,464
VAWA - Violence Against Women Formula Grants (1)	2012/2013/2014-WF- AX-0023/0039/0033	16.588	1,271,996
Vision 21	2014-XV-BX-K020	16.826	1,125
SASP - Sexual Assault	2013/2014-KF-AX- 0050/0040	16.017	288,120
<b>Total U.S. Department of Justice</b>			<u>\$ 6,775,034</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 6,775,034</u>

(1) Denotes major program

**Notes to Schedule of Expenditures of Federal Awards**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Crime Victims Reparation Commission and 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 Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The Commission provided \$4,687,329 in federal awards to subrecipients during the year.

3. Non-cash

The Commission did not receive any noncash assistance.

4. Indirect Cost Rate

The Commission has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 6,775,034
Total expenditures funded by other sources	<u>2,985,979</u>
Total expenditures	<u>\$ 9,761,013</u>

The accompanying notes are an integral part of these financial statements



NEW MEXICO CRIME VICTIMS  
REPARATION COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016

**Section I – Summary of Audit Results**

*Financial Statements:*

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

*Federal Awards:*

- |   |                                       |                 |        |                         |        |                                       |  |
|---|---------------------------------------|-----------------|--------|-------------------------|--------|---------------------------------------|--|
| 1. Internal control over major programs:  |                                       |                 |        |                         |        |                                       |  |
| a. Material weaknesses identified?  | No                                    |                 |        |                         |        |                                       |  |
| b. Significant deficiency identified not considered to be material weaknesses?  | No                                    |                 |        |                         |        |                                       |  |
| c. Control deficiency identified not considered to be significant deficiency?   | No                                    |                 |        |                         |        |                                       |  |
| 2. Type of auditors’ opinion issued on the <i>Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in accordance with Uniform Guidance</i>  | Unmodified                            |                 |        |                         |        |                                       |  |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?   | No                                    |                 |        |                         |        |                                       |  |
| 4. Identification of major programs:  |                                       |                 |        |                         |        |                                       |  |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">CFDA<br/>Number</td> <td style="text-align: center; border-bottom: 1px solid black;">Federal Program</td> </tr> <tr> <td style="text-align: center;">16.575</td> <td style="text-align: center;">Crime Victim Assistance</td> </tr> <tr> <td style="text-align: center;">16.588</td> <td style="text-align: center;">Violence Against Women Formula Grants</td> </tr> </table> | CFDA<br>Number                        | Federal Program | 16.575 | Crime Victim Assistance | 16.588 | Violence Against Women Formula Grants |  |
| CFDA<br>Number  | Federal Program                       |                 |        |                         |        |                                       |  |
| 16.575  | Crime Victim Assistance               |                 |        |                         |        |                                       |  |
| 16.588  | Violence Against Women Formula Grants |                 |        |                         |        |                                       |  |
| 5. Dollar threshold used to distinguish between type A and type B programs:   | \$750,000                             |                 |        |                         |        |                                       |  |
| 6. Auditee qualified as low-risk auditee?   | Yes                                   |                 |        |                         |        |                                       |  |

NEW MEXICO CRIME VICTIMS  
REPARATION COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016

Schedule II

**Section II – Financial Statement Findings**

None

**Federal Award Findings**

**FA 2016-001 Unallowable Costs/Activities – Compliance**

Federal program information:

Funding agency:	U.S. Department of Justice
Title:	VOCA – Crime Victims Compensation
CFDA number:	16.576
Award Year:	2014
Award Number:	2014-VC-GX-0038

*Condition:* A federal grant review was performed on the Commissions grant records for Crime Victims Compensation Grant. The review found the Commission utilized federal funds to provide medical cannabis to victims and eligible participants.

*Criteria:* The Commissions is subject to federal grant guidelines under Circular A-87. As such costs related to the federal grants administered by the Commission must be considered allowable under federal guidelines. Medical cannabis is a legal medication in the State of New Mexico; however, it is not a recognized medication for purposes of Circular A-87 and the federal guidelines of the grant. Per grant provisions; “A crime victim compensation program is an eligible crime victim compensation program if (1) such program is operated by a State and offers compensation to victims and survivors of victims of criminal violence, including drunk driving and domestic violence for: (A) medical expenses attributable to a physical injury resulting from a compensable crime, including expenses for mental health counseling and care....”.

*Questioned Costs:* \$7,629.60.

*Effect:* The Commission has expended federal funds on unallowable costs/activities in fiscal year 2016.

*Cause:* The Commission was not aware that the expenditure was not allowable for the federal grant due to medical cannabis being legalized within the State of New Mexico.

*Auditors’ Recommendation:* The Commission must review all grant provisions and records to insure medical cannabis is no longer utilized and expended utilizing federal grant funding. The Commission must implement internal controls to insure the unallowable expenditure of federal funds is no longer processed through its financial transactions.

*Management’s Response/Corrective Action:* The Commission has implemented procedures to insure federal funds are no longer utilized unallowable costs: For expenses that will be paid by State funds, State Investigators and the Financial Department will adhere to the following instructions:

- State Investigators will enter the necessary information into the database.
- Supporting documentation is required (i.e., contracts, leases, receipts, invoices and medical prescription(s) etc.)
- When processing payment SI will need to inform SI Supervisor of a Special Payment Instruction.
- Every Special Payment Instruction shall be processed on a special batch, which will be every Wednesday.
- Weekly batches of payments will continue to be processed every Friday.

The Financial department will process the Special Payment Instruction batch according to the procedure listed above and will ensure fund code and account codes are assigned properly to State funds.

**Section III – Prior Year Audit Findings**

None

NEW MEXICO CRIME VICTIMS  
REPARATION COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016

Schedule II

**Section IV – Other Disclosures**

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The Commission's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on November 18, 2016. The following individuals were in attendance.

New Mexico Crime Victims Reparation Commission

Marron Lee, Esq., Chairwoman  
Frank Zubia, Executive Director  
Cindy Mok, Chief Financial Officer  
Robin Brassie, Deputy Director

Griego Professional Services, LLC

JJ Griego, CPA