



**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICES
DEPARTMENT**

FINANCIAL STATEMENTS

JUNE 30, 2010

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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AGING AND LONG TERM SERVICES DEPARTMENT**

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**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICES DEPARTMENT**

Official Roster

June 30, 2010

Name	Title
Michael Spanier	Cabinet Secretary
Matt Onstott	Deputy Cabinet Secretary
Jason Sanchez	Administrative Services Division Director
Carlos Moya	Acting Consumer & Elder Rights Division Director
Kathleen Hart	APS Division Director
Lynne Anker-Unnever	Aging Network Division Director
Kimberly Austin-Oser	Long-Term Care Division Director
Sondra Everhart	Long-Term Care Ombudsman
Anna Marie Ortiz	General Counsel

Report of Independent Auditors

State of New Mexico
Aging and Long Term Services Department
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, and each major fund of the State of New Mexico Aging and Long Term Services Department (Department) as of and for the year ended June 30, 2010, which collectively comprise the Department's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Department's nonmajor governmental funds and the budgetary comparison schedules presented as required supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

State of New Mexico
Aging and Long Term Services Department
and
Mr. Hector H. Balderas
New Mexico State Auditor

As discussed in Note 1, the financial statements of the Department are intended to present the financial position, and the changes in financial position and budgetary comparison, where applicable, of only that portion of the governmental activities, major funds, and remaining fund information of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2010, and the changes in its financial position and budgetary comparison, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, of the Department as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Department as of June 30, 2010, and the respective changes in the financial position thereof and the budgetary comparison schedules for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2012, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

State of New Mexico
Aging and Long Term Services Department
and
Mr. Hector H. Balderas
New Mexico State Auditor

The management's discussion and analysis on pages 5 through 9 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining individual fund financial statements and budgetary comparison schedules. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the schedules listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and combining and individual fund financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements and combining and individual fund financial statements taken as a whole.

Mess Adams LLP

Albuquerque, New Mexico
January 13, 2012

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

INTRODUCTION

The following is a discussion and analysis of the Department's financial performance, an introduction to the basic financial statements and an overview of the financial activities of the Department for the year ended June 30, 2010.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the Government-wide financial statements and the Fund financial statements. The statements are in compliance with requirements of accounting principles generally accepted in the United States of America (GAAP). The financial statements also include notes that explain:

- **Government-wide Financial Statements** – are designed to provide readers with a broad overview of the Department's finances, in a manner similar to private-sector business reporting. The government-wide financial statements consist of the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets presents current and long-term assets and liabilities and the difference between the two reported as net assets. The Statement of Activities presents changes in net assets as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.
- **Fund Financial Statements** – provide detailed information about the Department's most significant funds. Funds are accounting devices that the Department uses to track specific sources of funding and spending for explicit purposes. The Department uses three types of funds to account for its service activities:
 - General Fund – used to account for services funded by general revenue appropriations not accounted for in other funds.
 - Special revenue fund – used to account for resources and expenditures legally restricted to the Conference on Aging.
 - Capital project funds – used to track appropriations and expenditures related primarily to capital outlay for the state's senior centers.

The notes to the financial statements and other supplemental information sections provide information that is essential to a user's understanding of the basic financial statements.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

FINANCIAL ANALYSIS OF THE DEPARTMENT AS A WHOLE

The Department's condensed financial information, as derived from the Department-wide financial statements, is presented below and compares the current year to the prior year:

**Table A-1
Statement of Net Assets**

	FY09	FY10	Percent Change
Current assets	\$ 22,201,402	\$ 18,170,682	-18.16%
Non-current assets	<u>161,224</u>	<u>71,055</u>	<u>-55.93%</u>
Total assets	<u>22,362,626</u>	<u>18,241,737</u>	<u>-18.43%</u>
Current liabilities	11,057,283	13,878,229	25.51%
Long-term liabilities	<u>254,856</u>	<u>245,912</u>	<u>-3.51%</u>
Total liabilities	<u>11,312,139</u>	<u>14,124,141</u>	<u>24.86%</u>
Net Assets			
Invested in capital assets	161,224	71,055	-55.93%
Unrestricted	<u>10,889,263</u>	<u>4,046,541</u>	<u>-62.84%</u>
Total net assets	<u>\$ 11,050,487</u>	<u>\$ 4,117,596</u>	<u>-62.74%</u>

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

FINANCIAL ANALYSIS OF THE DEPARTMENT AS A WHOLE (CONTINUED)

**Table A-2
Statement of Activities**

	FY09	FY10	Percent Change
Revenues:			
Federal grants and contracts	\$ 15,751,596	\$ 16,117,969	2.33%
Private gifts and grants	15,704	6,792	-56.75%
Other	<u>95,816</u>	<u>302,114</u>	<u>215.31%</u>
Total revenues	<u>15,863,116</u>	<u>16,426,875</u>	<u>3.55%</u>
General revenues:			
State General Fund appropriations, net of reversion	48,656,713	43,118,780	-11.38%
Transfers from other state agencies	891,241	1,352,147	51.72%
Bond proceeds appropriations	<u>5,259,879</u>	<u>8,019,990</u>	<u>52.47%</u>
Total general revenue	<u>54,807,833</u>	<u>52,490,917</u>	<u>-4.23%</u>
Total revenues and general revenues	70,670,949	68,917,792	-2.48%
Expenditures	<u>76,497,907</u>	<u>75,850,683</u>	<u>-0.85%</u>
Change in net assets	(5,826,958)	(6,932,891)	18.98%
Net assets, beginning	<u>16,877,445</u>	<u>11,050,487</u>	<u>-34.53%</u>
Net assets, ending	<u>\$ 11,050,487</u>	<u>\$ 4,117,596</u>	<u>-62.74%</u>

ANALYSIS OF THE DEPARTMENT'S OVERALL FINANCIAL POSITION AND RESULT OF OPERATIONS

The Department's financial position (Statement of Net Assets) and operations (Statement of Activities) reflects significant changes from the prior year. Total assets decreased by approximately 18.43% from \$22,362,626 to \$18,241,737 and total liabilities increased by approximately 24.86%. Net assets as shown in the Statement of Activities reflect a decrease of \$6,932,891 compared to the previous year's level. The major reason for the significant decreases in current assets and net assets is attributed to the reduction in general fund appropriation mandated by Executive Order 2009-044 and Laws of 2010, Chapter 105 – Capital Outlay Reversions for Solvency.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

BUDGETARY HIGHLIGHTS

The Department's final adjusted operating budget for Fiscal Year 2010 (FY10) totaled \$66,581,100 from all funding sources, including a General Fund appropriation of \$49,002,300. Executive Order 2009-044 requirements reduced the General Fund in the FY10 operating budget by \$1.5 million to offset decreased state revenue as result of the economic downturn. The reductions impacted all programs, the Consumer and Elder Rights being reduced by the highest percentage in personal services and employee benefits.

The Aging Network FY10 final operating budget is \$36,688,400, an increase of \$698,900, or 1.9%, from the prior year. Transfers to the area agencies on aging were maintained at the FY09 levels to provide meals for seniors. FY10 care and support services were funded at the FY09 expenditure levels in contrast to the increase in senior meals as a direct result of the downturn in the economy.

The Long-Term Services Program final operating budget is \$8,738,000, a decrease of 2.5 percent from the prior year. The Department, in conjunction with the Human Services Department (HSD), continued to operate the Coordinated Long-Term Services (CoLTS) managed-care program to provide improved coordinated care while reducing costs. Initial implementation analysis indicates higher per-member per-month costs than anticipated. These increases are reflected in the costs for the Disabled and Elderly waiver and the Personal Care Option.

The FY10 final operating budget for the Adult Protective Services (APS) Program is \$13,537,000, a reduction of 3.7% compared to the prior year. The budget for care and support were maintained at the FY09 expenditure levels. The program reports an increase in the number of investigations of senior abuse, neglect, and exploitation. The increase is largely due to the increase in "self-neglect" cases increasing at a faster rate than other types of cases.

The Consumer and Elder Rights Program operating budget was reduced by 11.9% from the prior year, primarily due to a higher vacancy rate, reductions in travel and other miscellaneous expenses. The Aging and Disability Resource Center receives 250 calls per day with questions related to the availability of social services. The resource center attempts to respond to all requests for assistance whether it relates to senior services or not. The center is also the intake for calls to report abuse, neglect, or exploitation for the APS Program resulting in an increase in call volume.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

CAPITAL ASSETS

The Department's investment in capital assets, net of accumulated depreciation is \$71,055. This investment in capital assets includes furniture and fixtures, data processing equipment, machinery and automobiles. There is no debt related to these capital assets. This amount represents a net decrease of \$90,169 or 55.93% less than the previous year.

FACTORS AFFECTING THE DEPARTMENT'S FUTURE

The Department expects to experience further cuts in funding with simultaneous increases in needs of our clients while making every effort to maintain the same high-level of quality care and support for the elderly and disabled citizens of the state. Two distinct factors will significantly increase the need for services that ALTSD provides to the citizens of New Mexico: increase in the aging population and economic conditions. New Mexico's population is expected to grow significantly over the next decade and will place an increased need for services. In addition, economic conditions have a direct impact on the level of services that we provide. Consequently, we anticipate a likely increase in neglect and abuse due to these factors. The end of ARRA funding will further complicate the Department's ability to meet the needs of clients in future years. ALTSD used ARRA funding to supplement meal services provided.

CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

The Department's financial statements are designed to provide citizens, taxpayers, customers, legislators, investors and creditors with a general overview of the Department's finances and to demonstrate its accountability for the funding it receives. If you have any questions about the information presented in the report or need additional information, contact:

Jason Sanchez
Administrative Services Division Director
Aging and Long-Term Services Department
Toney Anaya Building
2550 Cerrillos Road
Santa Fe, New Mexico 87505
505-476-4799

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
STATEMENT OF NET ASSETS
As of June 30, 2010

	Governmental Activities
CURRENT ASSETS	
Petty cash	\$ 800
Interest in State General Fund Investment Pool	12,384,868
Receivables	
Other	113,624
Due from federal government	1,225,007
Due from other state agencies	4,399,054
Other assets	47,329
	<hr/>
Total current assets	18,170,682
NON-CURRENT ASSETS	
Capital assets	838,602
Accumulated depreciation	(767,547)
	<hr/>
Total non-current assets	71,055
	<hr/>
Total assets	\$ 18,241,737
CURRENT LIABILITIES	
Accounts payable	\$ 8,771,799
Accrued payroll	932,235
Deferred revenue	7,500
Due to other state agencies	291,162
Due to State General Fund Investment Pool	549,386
Due to State General Fund	2,601,415
Due to Local Governments	43,590
Due to Federal Government	110,115
Current portion of compensated absences payable	571,027
	<hr/>
Total current liabilities	13,878,229
LONG-TERM LIABILITIES	
Non-current portion of compensated absences payable	245,912
	<hr/>
TOTAL LIABILITIES	14,124,141
NET ASSETS	
Invested in capital assets	71,055
Unrestricted	4,046,541
	<hr/>
Total net assets	4,117,596
	<hr/>
Total net assets and liabilities	\$ 18,241,737
	<hr/> <hr/>

See Notes to Financial Statements.

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

	Expenses	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
				<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES				
Social Services	\$ 56,463,520	302,114	16,803,993	(39,357,413)
General Government	5,801,515	-	672,915	(5,128,600)
Capital Projects	7,637,495	-	-	(7,637,495)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 69,902,530</u>	<u>302,114</u>	<u>17,476,908</u>	<u>(52,123,508)</u>
 General Revenues				
State General Fund appropriation				49,077,300
State appropriation-capital outlay				8,019,990
Reversion to State General Fund				(5,958,520)
Transfers to other state agencies				(5,948,153)
Total general revenues and transfers				<u>45,190,617</u>
 Changes in net assets				(6,932,891)
 Net assets, beginning				<u>11,050,487</u>
 Net assets, ending				<u>\$ 4,117,596</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2010

	04900 General Fund	27000 General Fund	76800 General Fund	96500 Capital Projects Laws 2006	Other Governmental Funds	Total
ASSETS						
Petty Cash	\$ 100	-	-	-	700	800
Interest in State General Fund Investment Pool	6,461,339	-	2,351,544	-	3,571,985	12,384,868
Receivables:						
Local government	-	-	-	-	-	-
Other	2,902	92	16,807	-	93,823	113,624
Due from federal government	1,046,339	-	-	-	178,668	1,225,007
Due from other state agencies	1,395,847	-	44,629	1,754,155	1,204,423	4,399,054
Due from other funds	4,502	381,613	-	-	121,488	507,603
Other assets	-	37,702	-	-	9,627	47,329
TOTAL ASSETS	\$ 8,911,029	419,407	2,412,980	1,754,155	5,180,714	18,678,285
LIABILITIES						
Accounts payable	\$ 4,674,020	-	161,162	1,669,868	2,266,749	8,771,799
Accrued payroll	925,140	-	-	-	7,095	932,235
Due to State General Fund Investment Pool	-	449,034	-	70,615	29,737	549,386
Deferred revenue	7,500	-	-	-	-	7,500
Due to federal government	102,161	-	-	-	7,954	110,115
Due to other state agencies	275,666	-	-	13,672	1,824	291,162
Due to local governments	43,585	-	-	-	5	43,590
Due to other funds	503,101	4,502	-	-	-	507,603
Due to State General Fund	2,379,756	-	-	-	221,659	2,601,415
TOTAL LIABILITIES	8,910,929	453,536	161,162	1,754,155	2,535,023	13,814,805
FUND BALANCES						
Fund balance						
Reserved for petty cash	100	-	-	-	700	800
Unreserved - undesignated (deficit)	-	(34,129)	2,251,818	-	2,644,991	4,862,680
TOTAL FUND BALANCES (DEFICIT)	100	(34,129)	2,251,818	-	2,645,691	4,863,480
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,911,029	419,407	2,412,980	1,754,155	5,180,714	18,678,285

See Notes to Financial Statements.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
Year Ended June 30, 2010**

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 4,863,480
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Capital assets	838,602
Accumulated depreciation	<u>(767,547)</u>
Total capital assets	71,055

Certain other liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Liabilities at year end consist of:

Compensated absences payable	<u>(816,939)</u>
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Net assets of governmental activities (Statement of Net Assets)	<u>\$ 4,117,596</u>
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See Notes to Financial Statements.

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	04900 General Fund	27000 General Fund	76800 General Fund	96500 Capital Projects Laws 2006	Other Governmental Funds	Total
REVENUES						
Miscellaneous	\$ 865	98	-	-	-	963
Fees and services	4,000	-	181,616	-	115,535	301,151
Federal grants and contracts	15,382,885	-	-	-	735,084	16,117,969
Private gifts and grants	6,792	-	-	-	-	6,792
TOTAL REVENUES	15,394,542	98	181,616	-	850,619	16,426,875
EXPENDITURES						
Current						
Personal service and employee benefits	17,780,019	-	-	-	8,423	17,788,442
In-state travel	178,318	-	-	-	5,608	183,926
Maintenance and repairs	280,117	-	-	-	-	280,117
Supplies	374,209	-	-	-	2,232	376,441
Contractual services	3,907,673	-	-	-	-	3,907,673
Operating costs	36,995,326	-	1,474,166	-	27,141	38,496,633
Other costs	248,909	34,227	-	-	811,305	1,094,441
Out-of-state travel	22,437	-	-	-	-	22,437
Capital outlay	54,466	-	-	-	-	54,466
TOTAL EXPENDITURES	59,841,474	34,227	1,474,166	-	854,709	62,204,576
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(44,446,932)	(34,129)	(1,292,550)	-	(4,090)	(45,777,701)
OTHER FINANCING SOURCES (USES)						
State General Fund appropriations	49,002,300	-	-	-	75,000	49,077,300
Transfers - Reversions to State General Fund	(2,379,026)	-	-	-	(3,579,494)	(5,958,520)
Transfer of bond proceeds	-	-	-	3,771,811	4,248,179	8,019,990
Operating transfers in/out	-	-	1,467,147	-	(115,000)	1,352,147
Transfers to local governments	-	-	-	-	(7,637,495)	(7,637,495)
Transfers to other agencies	(2,176,342)	-	-	(3,771,811)	-	(5,948,153)
NET OTHER FINANCING SOURCES (USES)	44,446,932	-	1,467,147	-	(7,008,810)	38,905,269
NET CHANGE IN FUND BALANCES	-	(34,129)	174,597	-	(7,012,900)	(6,872,432)
FUND BALANCES, June 30, 2009	100	-	2,077,221	-	9,658,591	11,735,912
FUND BALANCES (DEFICIT), June 30, 2010	\$ 100	(34,129)	2,251,818	-	2,645,691	4,863,480

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
Year Ended June 30, 2010**

Net Changes in Fund Balances - Total Governmental Funds
(Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ (6,872,432)

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

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The net decrease in the liabilities for the year was: 29,711

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. In the current period, these amounts are:

Loss on disposal of capital assets	(48,967)
Capital outlay	54,466
Depreciation expense	<u>(95,669)</u>

Change in net assets of governmental activities (Statement of Activities) \$ (6,932,891)

See Notes to Financial Statements.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1. HISTORY AND ORGANIZATION

The New Mexico State Agency on Aging (Department) was created by Chapter 203, Laws of 1979 and was administratively attached to the New Mexico Human Services Department. During the 2003 Legislative session the Legislature enacted House Bill 585, which was subsequently signed by the Governor of the State of New Mexico. This legislation became law effective June 20, 2003. The law makes the Department a cabinet level department and renames it the State of New Mexico Aging and Long Term Services Department (ALTSD) (Department). The Department administrative head is the Secretary, who is appointed by and serves at the pleasure of the Governor.

The statutory duties of the ALTSD are to establish and maintain a comprehensive statewide program designed to meet the social service needs of the state's aged population including but not limited to the following:

- Strengthen and coordinate services of state and local public bodies for the benefit of the aged;
- Promote the utilization of older persons in all phases of employment;
- Disseminate information to the aged relative to federal, state and local services;
- Encourage training programs, retraining programs and opportunities for older workers;
- Develop new methods of job placement for older workers;
- Promote public recognition of the advantage of hiring and retaining older workers; and
- Promote and develop programs of community resources and facilities designed to meet the social needs of older persons.

Additionally, statutes provide for a Policy Advisory Committee to the Aging and Long Term Services Department, which is composed of eleven members appointed by the Governor.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB has issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These Statements established the financial reporting requirements for state and local governments throughout the United States. The Department is responsible for the fair presentation of the accompanying financial statements in conformity with

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accounting principles generally accepted in the United States of America. The Department has prepared required supplementary information entitled, *Management's Discussion and Analysis*, which precedes the basic financial statements.

Financial Reporting Entity

The financial reporting entity as defined by GASB Statement 14 consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government."

A primary government is any state or general purpose local government consisting of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are, for financial reporting purposes, part of the primary government. The Department, therefore, is part of the primary government of the State of New Mexico and its financial data should be included with the financial data of the State. However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government. The Department is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. The Department has no component units.

Basic Financial Statements

The basic financial statements include both government-wide (based on the Aging and Long Term Service Department as a whole) and fund financial statements. The new reporting model focus is on either the Aging and Long Term Service Department as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities. The Aging and Long Term Service Department has only governmental type activities. In the government-wide Statement of Net Assets, the governmental column reflects a full accrual, economic resources basis, which incorporates long-term assets as well as long-term debt and obligations.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This government-wide focus is more on the sustainability of the Aging and Long Term Service Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Program revenues include (1) charges to applicants for provision of healthcare services, financial assistance, and government services and (2) operating grants and contributions. Program revenues included in the statement of activities reduce the cost of the function to be financed from general revenues. Items not properly identified as program revenues are reported instead as general revenues. The Department reports all direct expenses by program in the statement of activities. Direct expenses are those clearly identifiable with a function. All indirect expenses are recorded in the general government functional expense category. The governmental fund statements are presented on a current financial resource measurement focus and the modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the ALTSD's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column on the government-wide presentation.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the ALTSD's policy to use restricted resources first, then unrestricted resources, as they are needed.

Basis of Presentation – Fund Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

GOVERNMENTAL FUND TYPES

The focus of Governmental Fund measurement (in the fund financial statements) is based upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description by Program of the Governmental Funds utilized by the Aging and Long Term Service Department.

General Fund - The General Fund (SHARE Funds # 04900 and SHARE Fund # 27000 – reverting and non-reverting SHARE Fund # 76800) are the general operating funds of the ALTSD and are used to account for all financial resources except those required to be accounted for in another fund. Because of the nature of the ALTSD, the General Fund accounts for the resources available and used in the administration of the aging programs. Portions of SHARE fund # 04900 are summarized in the “Program Support Unit.” SHARE Fund # 27000 is reflective of the program for “Adult Protective Services.” The balance of SHARE fund # 04900 and all of SHARE fund # 76800 are presented in the program for “Long Term Services.”

Special Revenue Funds - Special Revenue Funds (SHARE Fund # 95300 and SHARE Fund # 62200) are utilized to account for those proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (non-reverting funds). Part of SHARE fund 95300 is used to account for the “Elder Rights and Health Advocacy” program and the balance of SHARE fund # 95300 and all of SHARE fund # 62200 make up the “Aging Network Program.”

All Elder Rights and Health Advocacy programs are direct services provided by Department staff throughout the state these services include; HIBAC counseling, Nursing Home Ombudsman, Prescription Drug assistance, in addition to providing training for staff and service providers.

The Aging Network program provides grants throughout the state to fund local programs for the elderly. State Community Programs (reverting) – The state appropriates funds to the Department to supplement the federal Title III-B, III-C, and III-E programs (Social Services, Nutrition, Disease Prevention and Family Caregiver).

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The funds are allocated to five Area Agencies on Aging who distribute the funds to Senior Citizen programs throughout the state and directly to Pueblo and Apache Indian programs.

State Capital Outlay Funds – The New Mexico Legislature annually appropriates general or bond funds to the ALTSD for the purpose of altering or renovating senior center centers; for purchasing equipment and furnishings for these centers; and for purchasing new vehicles to replace obsolete vehicles used by the centers.

Basis of Accounting

The financial statements for the Department have been prepared in accordance the accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund type in accordance with GASB No. 20. 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 these accounting policies are described below.

Basis of accounting refers to the point at which revenues or expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

Modified Accrual – All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. There are no interfund transactions to be eliminated.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to GASB Statement No. 33, the provider should recognize liabilities and expenses and the recipient should recognize receivable and revenues when the applicable eligibility requirements including time requirements are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

Interest in State General Fund Investment Pool

The Aging and Long Term Service Department has an interest in State General Fund Investment Pool to include cash on deposit with the State Treasurer.

Receivables

Receivables consist of amounts due from other federal, state and local governments. No allowance for doubtful accounts is established since all amounts are expected to be collected in the subsequent fiscal year.

Inventory

Office supply inventory items are considered expenditures when purchased. Therefore, the financial statements do not reflect inventories of office supplies on hand at June 30, 2010.

Capital Assets

Capital assets are tangible assets that are used in operations and that have initial useful lives that extend beyond a single reporting period. Capital assets are reported in the Statement of Net Assets at historical cost or estimated fair value, if donated. Capital assets are depreciated using the straight-line method over their estimated useful lives. Items with a cost of less than \$5,000 are expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Data processing equipment	3 years
Furniture and fixtures	7 years
Automobiles	3 years

Compensated Absences

State employees may elect to be paid for accrued sick leave in excess of 600 hours at a rate equal to 50% of their hourly rate, not to exceed 120 hours (60 net hours can be paid) per fiscal year. In the case of retiring employees, up to 400 net hours of sick leave can be paid at a rate equal to 50% of their hourly rate. The Department has accrued a liability for sick leave in the government-wide financial statements.

The Department has accrued a liability for vacation pay which has been earned but not taken by Department employees. In the event of termination or retirement, an employee is reimbursed for accumulated vacation up to 240 hours plus compensatory time. Such leave has been accrued for in the governmental activities column of the department-wide statement of net assets in the accompanying financial statements. Accrued vacation is calculated based on pay rate plus required taxes.

Fund Equity

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets (net of related debt) – is intended to reflect the portion of net assets which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. The Department does not have any related debt.

Restricted Net Assets – are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitations on their use. Such restrictions are legally enforceable.

Unrestricted Net Assets – represent unrestricted liquid assets.

For the department-wide financial statements, it is the policy of the Department that restricted resources are applied first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Revenues and Transfers

Other revenues consist primarily of the State's portion of reimbursements for previous overpayments of benefits.

Transfers in from (out to) other state agencies and governmental units are recorded as other financing sources (uses).

Reversions

Unexpended and unencumbered balances are generally reverted to the State General Fund. Chapter 114, Laws of 2007, states that unexpended or unencumbered balances of the State General Fund appropriation to the ALTSD shall revert. Accordingly, reversions have been recorded in the current year for General Fund appropriations. Also, the unexpended and unencumbered balance of special and other appropriations are reverted when required by law.

Budgetary Data

The Department prepares budgets for its governmental funds, which are subject to approval by the New Mexico Department of Finance and Administration (DFA), based upon the appropriations made by the State Legislature. Budgets are controlled at the appropriation unit level (personal services, employee benefits, etc.), and amendments affecting a category are approved by DFA and the Legislative Finance Committee (LFC). Expenditures may not exceed appropriations at this level.

The unexpended balances of the State General Fund appropriation to the Department are to be reverted to the State General Fund at the end of each fiscal year. The Department also receives funding from various special and supplemental appropriations. The language of a particular appropriation determines when it lapses and whether or not unexpended balances revert to the State General Fund.

The following are the procedures followed in establishing the budgetary data presented in the financial statements:

1. The Department submits a proposed budget to the New Mexico state legislature for the fiscal year commencing the following July 1. The state legislature must approve the budget prior to the legal enactment.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. The expenditures and encumbrances of each appropriation unit may not legally exceed the budget for that category. Budgets are controlled at the “appropriation unit” level within activities (personal services and benefits, contractual services, etc.).
3. Any adjustment to the budget must be submitted to and approved by the State of New Mexico Department of Finance and Administration State Budget Division in the form of a budget adjustment request.
4. Beginning in FY 2006, the annual budget, per the General Appropriations Act, Laws of 2006, Chapter 109, Section 3, Subsections N and O, was adopted on a modified accrual basis of accounting except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) must be paid out of the next year’s budget. The modified accrual basis of accounting is consistent with generally accepted accounting principles (GAAP). Budgeted revenues may be less than budgeted expenditures as the ending fund balance may, in certain instances, be rebudgeted for expenditures in the next fiscal year. Budgetary comparisons presented in the financial statements are on a modified accrual basis of accounting.

The Department has been designated as a “reverting agency” by the New Mexico state legislature and, therefore, pursuant to the Laws of 2004, Chapter 114, Section 2(E), “unencumbered balances in agency accounts remaining at the end of the fiscal year 2010 shall revert to the [state] general fund by September 30, 2010, unless otherwise indicated in the General Appropriations Act of 2004 or otherwise provided by law.”

5. The budget for the General Fund and Special Revenue Funds are adopted on the modified accrual basis of accounting except for accounts payable accrued at the end of fiscal year that do not get paid by statutory deadline (Section 6-10-4 NMSA 1978), that must be paid out of next year’s budget. A reconciliation of budgetary basis to GAAP basis will be necessary if all accounts payable at the end of the fiscal year are not paid by the statutory deadline. No reconciliation was necessary as of June 30, 2010.

Cost Allocation

The Department does not employ indirect cost allocation in the Financial Statements.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

NOTE 3. INTEREST IN STATE GENERAL FUND INVESTMENT POOL

All funds are on deposit with the State Treasurer. State law requires the Department cash be managed by the New Mexico State Treasurer's Office. Accordingly the investments of the Department consist of an interest in the investment pool managed by the New Mexico State Treasurer's Office. No investments are held by the ALTSD. Cash on deposit with the State Treasurer is pooled and invested by the State Treasurer. In general, state statutes require that all deposits held by the State Treasurer be collateralized at a minimum level of 50 percent. Collateral pledged to secure these deposits is monitored by the State Treasurer's Office (STO) and the STO issues separate financial statements that disclose the collateral pledged to secure these deposits.

At June 30, 2010 the Department had the following in pooled cash:

New Mexico State General Fund Investment Pool \$11,835,482.

Interest Rate Risk. The State General Fund Investment Pool does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The New Mexico State General Fund Investment Pool is not rated.

For additional GASB 40 disclosure information regarding cash held by the State Treasurer, the reader should see the separate audit report for the State Treasurer's Office for the fiscal year ended June 30, 2010.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 4. RECEIVABLES/PAYABLES – GRANTS

Receivables due from the Federal government at June 30, 2010 of \$1,046,339 in the General Fund and \$178,668 in the Special Revenue Funds represent revenues earned and recognized on various grants because expenditures related to these grants have been incurred.

It is the opinion of management that all other receivables as of June 30, 2010 are fully collectible, so an allowance for uncollectible accounts is not considered necessary.

Other receivables of the ALTSD at June 30, 2010 are as follows:

From Fund No.		
052	HSD – Gold Program	\$ 395,020
061	TBI Fund	184,302
052	Medicaid Programs	258,047
052	VAWA	13,121
052	HSD – Resource Center	141,610
052	HSD – Ombudsman	18,235
067	CYFD – Adult Protective Services	397,750
635	Statewide Behavioral Health	<u>32,391</u>
	Total General Fund Receivables	<u>1,440,476</u>
054	State Capital Outlay Fund 089	5,000
563	State Capital Outlay Fund 386	34,967
229	State Capital Outlay Fund 534	512,451
229	State Capital Outlay Fund 648	518,603
229	State Capital Outlay Fund 700	127,256
563	State Capital Outlay Fund 883	6,146
022	State Capital Outlay Fund 965	<u>1,754,155</u>
	Total Special Revenue Receivables	<u>2,958,578</u>
	Total due from other state agencies	<u>\$ 4,399,054</u>

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 4. RECEIVABLES/PAYABLES - GRANTS (CONTINUED)

Payables due to subrecipients of \$8,771,799 at June 30, 2010 represent monies due at June 30, 2010 to vendors for expenditures incurred during the fiscal year ended June 30, 2010, but not paid as of June 30, 2010. Of this amount \$8,771,431 is in line item vouchers payable and \$368 is within line item accounts payable. It is the opinion of management that all amounts due from the Federal government and advances to subrecipients at June 30, 2010 are fully collectible so an allowance for uncollectible accounts is not considered necessary.

NOTE 5. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Capital Assets					
Data processing equipment	\$ 824,948	54,466	(457,335)	-	422,079
Furniture and fixtures	74,221	-	-	-	74,221
Equipment and machinery	44,574	-	-	-	44,574
Automobiles	297,728	-	-	-	297,728
Subtotal	<u>1,241,471</u>	<u>54,466</u>	<u>(457,335)</u>	<u>-</u>	<u>838,602</u>
Accumulated Depreciation					
Data processing equipment	(718,723)	(75,753)	408,369	-	(386,107)
Furniture and fixtures	(74,221)	-	-	-	(74,221)
Equipment and machinery	(5,935)	(9,583)	-	-	(15,518)
Automobiles	(281,368)	(10,333)	-	-	(291,701)
Subtotal	<u>(1,080,247)</u>	<u>(95,669)</u>	<u>408,369</u>	<u>-</u>	<u>(767,547)</u>
Totals	<u>\$ 161,224</u>	<u>(41,203)</u>	<u>(48,966)</u>	<u>-</u>	<u>71,055</u>

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 5. CHANGES IN CAPITAL ASSETS (CONTINUED)

Current year depreciation expense of \$95,669 was allocated entirely to the general government function in the government-wide statement of activities.

NOTE 6. CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

Reduction of debt includes decreases in compensated absences that are not included as expenditures in the operating budget. SHARE Fund 04900 and SHARE fund 95300 have been used to liquidate long-term liabilities.

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010	Amount Due Within One Year
Compensated absences payable	\$ 846,650	592,381	(622,092)	816,939	571,027

NOTE 7. OPERATING LEASES

The ALTSD leases office space in Albuquerque and Las Cruces for the direct service programs. The ALTSD also leases several copying machines on a year-to-year basis considered operating leases. All leases may be canceled at the end of any fiscal year with no penalty since all have an early termination clause. Accordingly, there are no future minimum lease payments.

Total office space and equipment rent expense for the year ended June 30, 2010 were \$796,325 and \$121,904, respectively.

NOTE 8. CONTINGENCIES - GRANTOR AGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which have been disallowed by the grantor agencies cannot be determined at this time although the Department expects such amounts, if any, to be immaterial.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 9. DUE TO STATE GENERAL FUND

Section 3, (D) Chapter 114, Laws 2006 requires all unreserved, undesignated fund balances in reverting funds and accounts revert to the State General Fund by October 1, 2010. The current year reversion and amounts due to the State General Fund are computed as follows:

General Fund:		
2010 fiscal year reversion		\$ 2,379,756
Special Revenue Funds:		
2010 fiscal year reversion		<u>221,659</u>
Due to State General Fund		<u>\$ 2,601,415</u>

NOTE 10. OTHER FINANCING SOURCES (USES)

The following is a summary of transfers between the ALTSD and other state agencies:

Transfers In

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Description</u>
85300	04900	\$ 49,002,300	Appropriation Allotment
85300	88300	75,000	Re-authorization of prior year Capital Outlay Project
	76800	<u>1,467,147</u>	MOU – Administrative Office of the Courts
Total Operating Transfers In		<u><u>50,544,447</u></u>	
05400	05300	256,071	GOB Series 2005
01900	08900	142,505	Severance Tax Bonds, Series 2006A
56300	38600	308,167	GOB Series 2007 A
40700	39600	65,314	Severance Tax Bonds, Series 2004A
22900	53400	822,938	Severance Tax Bonds, Series 2005A
02200	64800	2,063,730	GOB Series 2003
40300	70000	589,454	Severance Tax Bonds, Series 2003A
02700	96500	<u>3,771,811</u>	GOB Series 2007
Other Transfers in		<u><u>8,019,990</u></u>	
<u>Transfers Out</u>			
59500		40,000	State Capital Outlay – DOT
88300		<u>75,000</u>	State Capital Outlay – Special Appropriation Reauthorization
Total Transfers Out		<u><u>\$ 115,000</u></u>	

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 10. OTHER FINANCING SOURCES (USES) (CONTINUED)

The following is a detailed listing of general fund appropriation reversions due to the State General Fund as shown in the financial statements:

<u>Fund</u>	<u>Fiscal Year</u>	<u>Current Year 2010 Reversions</u>	<u>Prior Year Reversions</u>	<u>Less Amounts Already Paid to State Fund</u>	<u>Total Due to State General Fund</u>
General Fund:					
Program Support	2010	\$ 250,029	\$ 730	-	250,759
Consumer and Elder Rights	2010	(125,629)	-	-	(125,629)
Adult Protective Services	2010	761,687	-	-	761,687
Aging Network	2010	878,390	-	-	878,390
Long Term Services	2010	614,549	-	-	614,549
		<u>614,549</u>	<u>-</u>	<u>-</u>	<u>614,549</u>
Total General Fund		<u>\$ 2,379,026</u>	<u>\$ 730</u>	<u>\$ -</u>	<u>\$ 2,379,756</u>

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 10. OTHER FINANCING SOURCES (USES) (CONTINUED)

<u>Fund</u>	<u>Fiscal Year</u>	<u>Current Year 2010 Reversions</u>	<u>Prior Year Reversions</u>	<u>Less Amounts Already Paid To State General Fund</u>	<u>Total Due to State General Fund</u>
Special Revenue Funds:					
Fund 953 Special Projects	2010	\$ 108,869	\$ 112,790	-	221,659
State Capital Outlay 595	2010	1,430,055	-	(1,430,055)	-
State Capital Outlay 883	2010	559,438	-	(559,438)	-
State Capital Outlay 954	2010	502,072	-	(502,072)	-
State Capital Outlay 962	2010	<u>979,060</u>	<u>-</u>	<u>(979,060)</u>	<u>-</u>
Total Special Revenue Funds		<u>3,579,494</u>	<u>112,790</u>	<u>(3,470,625)</u>	<u>221,659</u>
Total State General Fund Reversions		<u>\$ 5,958,520</u>	<u>\$ 113,520</u>	<u>\$ (3,470,625)</u>	<u>\$ 2,601,415</u>

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 11. SCHEDULE OF CAPITAL OUTLAY APPROPRIATIONS

A summary of the Capital Outlay appropriations is as follows:

<u>Fund</u>	<u>Legislation</u>	<u>Appropriation Period</u>	<u>Appropriation Amount</u>	<u>Expenditures to Date</u>	<u>Reserve Fund Balances</u>	<u>Remaining Balance to Expend</u>
053	Laws 2004, GOB	2005 - 2009	\$ 6,115,801	(5,764,900)	-	-
089	Laws 2006, STB	2006 - 2010	3,111,900	(261,513)	-	2,850,387
386	Laws 2007, STB	2007 - 2011	5,592,304	(3,980,763)	-	1,611,541
396	Laws 1998, GOB	1999 - 2002	7,812,808	(7,709,542)	-	103,266
534	Laws 2006, GF	2006 - 2010	8,251,860	(7,110,552)	-	1,141,308
595	Laws 2004, GF	2004 - 2008	9,637,101	(7,484,859)	-	2,152,242
648	Laws 2004, GOB	2003 - 2007	27,531,891	(13,876,657)	-	13,655,234
700	Laws 2003, STB	2004 - 2010	3,588,563	(3,539,369)	-	49,194
883	Laws 2007	2007 - 2011	7,925,447	(5,749,525)	-	2,175,922
954	Laws 2006, GF	2006 - 2010	13,231,444	(12,204,096)	-	1,027,348
962	Laws 2006, GF	2006 - 2010	13,154,947	(11,439,933)	-	1,715,014
965	Laws 2006, GOB	2007 - 2011	26,608,733	(13,091,395)	-	13,517,338
Total Capital Outlay Appropriations outstanding						39,923,072
Total Fund Balance						-
Total 2010			<u>\$ 132,562,799</u>	<u>92,639,727</u>	<u>-</u>	<u>39,923,072</u>

Each year the Legislature approves multiple-year appropriations, which the State considers as continuing appropriations. The Legislature authorizes these appropriations for two to five years; however, it does not identify the authorized amount by fiscal year. Consequently, the appropriation is budgeted in its entirety the first year the Legislature authorizes it. The unexpended portion of the budget is carried forward as the next year's beginning budget balance until either the project period has expired or the appropriation has been fully expended. The budget presentations in these financial statements are consistent with this budgeting methodology.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 12. PENSION PLAN-PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

Funding Policy. Plan members are required to contribute 7.42% of their gross salary. The Department is required to contribute 16.59% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$1,909,384, \$2,191,065, and \$2,028,609, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 13. POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN

Plan Description. Aging and Long-Term Services Department 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.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

**NOTE 13. POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

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 premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee is required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013, the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 11	1.666%	.833%
FY 12	1.834%	.917%
FY 13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

**NOTE 13. POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

The Department's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$161,201, \$164,619 and \$152,207, respectively, which equal the required contributions for each year.

NOTE 14. RISK MANAGEMENT AND LITIGATION

The Department is exposed to various risks of losses related torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Section 15-7-2 NMSA 1978 requires the General Services Department, Risk Management Division (RMD), to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state statutes have been passed which allow RMD to insure, self-insure or use a combination of both. For the past several years, the RMD has elected to self-insure and has not obtained liability coverage from commercial insurance companies. The RMD has effectively managed risk through various employee education and prevention programs. Risk management expenditures for the Department are accounted for in the general fund. Any claims are processed through RMD.

There are no pending or threatened legal proceedings involving material matters to which the ALTSD is a party.

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 15. JOINT POWERS AGREEMENT DISCLOSURE

The Department was party to the following Joint Powers Agreements during the fiscal year:

JOINT POWERS AGREEMENT NUMBER	JPA PARTIES	AMOUNT OF AGREEMENT	EFFECTIVE	EXPIRES	PURPOSE/COMMENTS	AUDIT AGENCY	FISCAL AGENCY	REPORTING AGENCY
10-630-9000-0004	ALTSD/HSD	\$750,000.00	07/01/09	06/30/10	To establish the terms, conditions, requirements, standards, service, delivery areas, and procedures whereby the Contractor will provide services for Gold Mentor Program. (GOLD Mentor Governmental Services Agreement w/HSD)	HSD	DFA	HSD
03-630-0976	ALTSD/HSD	ALTSD shall bill HSD monthly for Medicaid matching funds.	02/19/04	Article VII	To designate the administrative, fiscal & programmatic responsibility for long-term care ombudsman services provided to Medicaid recipients.	HSD	DFA	HSD
03-630-73	ALTSD/HSD	ALTSD shall bill HSD monthly for Medicaid matching funds.	05/01/03	Article IX	To obtain services from ALTSD in order to match state funds appropriated to ALTSD with federal Medicaid funds approved under the Medical Assistance Div. (MAD) state plan of HSD.	HSD	DFA	HSD
04-630-11	ALTSD/HSD	ALTSD shall submit to HSD monthly an invoice for costs incurred for intake, referral and	01/01/04	Article IX	To designate the programmatic responsibility for ALTSD of appropriate intake, referral & assistance services for Medicaid recipients, to facilitate the receipt of necessary long-term care services.	HSD	DFA	HSD
05-630-8000-0007	ALTSD/HSD	Amount payable by HSD to ALTSD for each 12 consecutive month period of agreement.	08/13/04	Section 8	To designate to ALTSD the administrative & programmatic responsibility for the Medicaid programs including the Disabled & Elderly (D&E) Waiver, the Personal Care Option (PCO) program & the Program for All-inclusive Care for the Elderly (PACE).	HSD	DFA	HSD
05-630-8000-0007-A1	ALTSD/HSD	Amount payable by HSD to ALTSD for each 12 consecutive month period of agreement.	11/16/07	06/30/10	To designate to ALTSD the administrative & programmatic responsibility for the Medicaid programs including, but not limited to, the Disabled & Elderly (D&E) Waiver, the Personal Care Option (PCO) program, the Program for All-inclusive Care for the Elderly (PACE), & certain programs related to HSD's Center for Health Care Strategies grant. 8/13 rec./legal 8/24 MS 8/28 to James K/HS	HSD	DFA	HSD
05-630-8000-0007-A2	ALTSD/HSD	Amount payable by HSD to ALTSD for each 12 consecutive month period of agreement.		Section 8	To designate to ALTSD the administrative & programmatic responsibility for the Medicaid programs including, but not limited to, the Disabled & Elderly (D&E) Waiver, the Personal Care Option (PCO) program, the Program for All-inclusive Care for the Elderly (PACE), & certain programs related to HSD's Center for Health Care Strategies grant. Amended for new amount. 6/30/09 legal & sec.bk.to HSD	HSD	DFA	HSD
06-624-5000-0117	ALTSD/HSD	Amount payable by ALTSD to HSD for each 12 consecutive month period of agreement.	09/16/05	Section 8	TBI-To allow for collaboration in the area of Brain Injury, to allow for State & federal funds to flow, to fund an HSD FTE for the BI program & to allow ALTSD pay the state share of the direct program costs for the BI program.	ALTSD	DFA	ALTSD
06-624-5000-0173	ALTSD, DOH, HSD, PED, CYFD	Each department shall provide \$20,000 annually.	05/19/06	Section 6	To establish, implement & fund the Governor's Office of Faith-Based & Community Initiatives (OFBCI).	ALTSD	DFA	ALTSD
06-690-6000-6002	ALTSD, CYFD, DOH, HSD, ALTSD, PED, NMCD	CYFD as fiscal agent shall transfer to each of the parties the MHT SIG funds which are allocated. ALTSD contribution is \$21,197.	12/09/05	06/30/10	To arrange for allocation of federal funds awarded under the Mental Health Transformation State Incentive Grant (MHT SIG) among these agencies, for the purpose of providing infrastructure support for the Interagency Behavioral Health Purchasing Collaborative (BHPC) which is to develop a statewide system of behavioral health care that is accessible & continuously available.	CYFD	DFA	CYFD
06-690-6000-6002-01	CYFD, DOH, HSD, ALTSD, PED, NMCD, HED	Parties agree that MHT SIG funds shall be allocated among themselves in support of IBHPC activities. Allocations & designations set forth in Attachment 1 & revised Attachment 2 may be adjusted	08/25/06	06/30/10	Amended to include HED as a party to JPA, to designate HSD as program director & CYFD as fiscal agent, to make the current annual budget effective through the current federal fiscal year, to create a mechanism for allocating, designating & distributing MHT SIG funds, to transfer duties from CYFD to HSD, to create a mechanism for proposing & executing minor variations, to amend Attachment 1 & replace Attachment 2, to amend responsibilities of the Parties.	CYFD	DFA	CYFD
07-624-5000-0004	DOH and HSD	Total amount available shall not exceed \$350,000,000 for period of agreement.	08/24/06	Termination 45 days notice.	MI VIA-To delegate responsibilities & oversight of New Mexico's MI VIA Program, a self-directed waiver program for eligible New Mexico participants.	ALTSD	DFA	ALTSD
10-624-4000-0021	ALTSD, DOH		07/01/09	6/30/2010	To award DOH's Foster Grandparent Program in Mora, San Miguel, & Guadalupe Counties state funds in order to provide meaningful part-time volunteer opportunities for low-income elderly persons who will be known as "Foster Grandparents" in order to render supportive services.	ALTSD	DFA	ALTSD
10-624-4000-0043	ALTSD, DOH		07/01/09	6/30/2010	To award DOH's Senior Companion Program in Mora, San Miguel, & Guadalupe Counties state funds in order to provide meaningful part-time volunteer opportunities for low-income elderly persons who will be known as "Senior Companions" in order to render	ALTSD	DFA	ALTSD

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
FUND DESCRIPTIONS
JUNE 30, 2010**

SPECIAL REVENUE AND CAPITAL PROJECT FUNDS/PROGRAMS

SHARE

FUND #

DEPARTMENTS/PROGRAMS DESCRIPTION

62200

4710: The Conference on Aging (Non-reverting fund) is an educational event with an annual registration of approximately 1,000 individuals. Senior citizens receive current information on financial planning, legal protection, health care options and benefits. Funds are self generated through registration fees, sponsorships, exhibitor fees, and fees for advertisement.

95300

Special projects for the following programs:

2100: Federal Alzheimer's Disease Program - the administration on Aging awarded funds to the ALTSD for the purpose of establishing a statewide Information and Assistance Services, Consultation and Education Services and Support and Management of an Alzheimer's and Related Dementia Advisory Committee.

2200: Title III Training - used to provide quarterly training, special training events for opportunities for the State Agency staff and to support other State Agency administrative efforts.

2300: State Training Grant (reverting) - used to provide on-going training and education. The funds are utilized for continued support of quarterly training sessions, special training events, the annual conference and other training-related activities.

2400: Long-Term Care Ombudsman Program (reverting) - This federal and state funded program receives and resolves complaints affecting the care of the institutionalized elderly residing in nursing homes, boarding homes, etc.

95300

2510: State Health Insurance and Benefits Assistance Corps (HIBAC) Program (reverting) - Funded by the 1988 Legislature to implement a peer counseling program in several communities of the State. The Department developed training materials, selected the communities, recruited older volunteers and trained them on Medicare, Medicaid and other long-term care funding issues. These trained volunteers make themselves available in the local communities to assist other elderly in making decisions about their long-term care financing needs and access to Medicare and Medicaid benefits.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
FUND DESCRIPTIONS
JUNE 30, 2010**

SPECIAL REVENUE AND CAPITAL PROJECT FUNDS/PROGRAMS (CONTINUED)

**SHARE
FUND #**

DEPARTMENTS/PROGRAMS DESCRIPTION

2590: DHHS Health Care Financing Administration Information Counseling and Assistance Grant (more recently referred to CMS Centers for Medicare and Medicaid Services) - This grant is administered jointly with the HIBAC program, since the basic purposes of the grant are to provide counseling and assistance to older individuals regarding public benefits and insurance. In addition, the Department was to work with certain Medicare supplement insurance coverage provided through HMOs. The Department provided information to the public about coverage and eligibility.

2800: Prescription Drug Outreach Program (reverting) - used to assist individuals with access to affordable prescription drugs. The ALTSD administers the MedBank program, conducts outreach/educational activities and provides information, counseling, assistance and referral to individuals with prescription drug needs.

2900: Senior Medicare Waste Patrol Project - used to provide funding to educate Medicare beneficiaries and to maintain a toll-free telephone line for beneficiaries to report complaints concerning fraud and abuse.

6100 and 6200: Senior Employment Program (Including Title V) (reverting) - used to provide subsidized part-time work opportunities in community service work for low-income persons who are age 55 or older.

95300

6400: Golden Opportunities for Lifelong Development (GOLD) used to provide funding to hire senior citizens from three pilot areas to serve as mentors to assist Welfare-to-Work clients in mastering the life, job and problem solving skills necessary to find and keep jobs that pay well. Administrative funds are provided for program staff and operating expenses.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
FUND DESCRIPTIONS
JUNE 30, 2010**

SPECIAL REVENUE AND CAPITAL PROJECT FUNDS/PROGRAMS (CONTINUED)

SHARE

FUND #

DEPARTMENTS/PROGRAMS DESCRIPTION

4100: State Community Programs (reverting) - The state appropriates funds to the Agency to supplement the federal Title III-B, III-C, III-D and III-E programs (Social Services, Nutrition, Disease Prevention and Family Caregiver). The funds are allocated to five Area Agencies on Aging who distribute the funds to Senior Citizens programs throughout the state and directly to Pueblo and Apache Indian programs.

4820 and 4830: Alzheimer's Program - Federal funds were awarded to provide respite care services, information and assistance services and consultation and education services for individuals with Alzheimer's Disease or related disorders and their families or caregivers. The Agency implemented the programs using the competitive bid process. The grants for respite services were funneled through the Area Agencies on Aging.

95300

4200, 4300, 4400, 4500, and 4600: Title III-B, III-C, III-D, III-E and III-F - These programs are designed to fill the gaps in existing supportive social services, senior center, nutrition, health promotion or disease prevention and in-home care contracted to Area Agencies on Aging (AAA) under an approved Area Plan for delivering services to the 60+ population in the Planning and Service Areas. This is accomplished through a consolidated, coordinated system. Federal funds are awarded to the state on the basis of population over age 60, and sub-state allocations are made to Planning and Service Areas by formula (60+, 60+ minority, 60+ below poverty). Area Agency administration is limited to 10% of the III-B and C allocation and must be matched 75/25. Local service providers must match federal funds 85/15. Of the 15%, 5% is required to be state funds. State appropriated funds are utilized for AAA administration and local community programs. Programs range from state and locally supported nutrition and senior center programs, access services (which include I & R, outreach, and transportation), in-home services (chore, visiting, telephone reassurance, homemaker, and home health), congregate and home delivered meals, legal, advocacy, ombudsman services to residents of long-term care facilities, and other community programs designed to relieve isolation, provide socialization, prevent abuse and assist older people to remain in their own homes.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
FUND DESCRIPTIONS
JUNE 30, 2010**

SPECIAL REVENUE AND CAPITAL PROJECT FUNDS/PROGRAMS (CONTINUED)

**SHARE
FUND #**

DEPARTMENTS/PROGRAMS DESCRIPTION

95300	<p>4900: Nutrition Supplemental Incentive Program - This program provides cash payments to state Agencies on Aging which have elected to receive such in lieu of all or part of the donated food that nutrition programs would otherwise receive.</p> <p>5100: State Foster Grandparent Program (reverting) - State appropriated funds are used to pay stipends to persons age 60 or older who participate in the program and to pay for supportive costs associated with the operation of local programs.</p> <p>5200: State Senior Companion Program (reverting) - State appropriated funds are used to pay stipends to persons age 60 or older who participate in the Program and to pay for supportive costs associated with the operation of local programs.</p> <p>5400: State Retired Senior Volunteer Program (reverting) - State appropriated funds are used to fund local efforts to recruit and assign persons age 60 and over as community oriented volunteers.</p> <p>6300: Business Outreach Liaison Development (BOLD) Programs - Provides funding to hire senior citizens who are retired Business people from southwestern New Mexico to serve as representatives of the New Mexico Workforce Connection's one-stop center programs. Administrative funds are provided for program staff and operating expenses.</p> <p>6500: DVR Mentors participate in Mentoring Diverse Abilities, a project funded by US Department of Education through the New Mexico Public Education Department, Division of Vocational Rehabilitation. DVR has subcontracted with the Aging and Long Term Services Department to provide mentoring services to 60 Hispanic or Native American youth with disabilities in Anthony and Bernalillo, New Mexico. The mentors support and encourage the youth as they seek post-secondary education and /or employment.</p>
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**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
FUND DESCRIPTIONS
JUNE 30, 2010**

SPECIAL REVENUE AND CAPITAL PROJECT FUNDS/PROGRAMS (CONTINUED)

**SHARE
FUND #**

DEPARTMENTS/PROGRAMS DESCRIPTION

95300

2706: The Aging and Disability Resource Center- is to provide access to information, assistance, referrals, and advocacy in those areas of daily living that will maximize personal choice and independence for seniors and adults with disabilities throughout New Mexico, as well as their caregivers. The resource center facilitates access to a variety of services, including state and federal benefits, prescription drugs, in-home and community-based care, housing, and caregiver support. The resource center is the clearinghouse for services provided by other public and private entities, including the Disabled & Elderly Waiver, Medicaid and Medicare. The center is the host to the Santa Fe County 211 information and referral system, sponsored by the local United Way.

6500: John H Chafee Foster Youth Mentoring Project used to provide funding to hire senior citizens from three pilot areas to serve as mentors to assist foster youth out of foster care to make the transition to independent adult life. Administrative funds are provided for program staff and operating expenses.

2606: The ALTSD was awarded a five year, \$2,736,384 Centers for Medicare & Medicaid Services (CMS) Systems Change Grant for Community Living. The intent of the funds is to help New Mexico build the infrastructure that will result in effective and enduring improvements in community-integrated services and long-term support systems. With this support, New Mexico's Aging and Long-Term Services Department will, over the course of five years:

- Improve access to long-term support services for the older adult and adults with disabilities populations through a one-stop, single-point-of-entry system for home and community based services; Develop a comprehensive, department-wide quality management system; and,
- Transform information technology systems within the department and across state departments to support access to long-term care services.

**STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
FUND DESCRIPTIONS
JUNE 30, 2010**

SPECIAL REVENUE AND CAPITAL PROJECT FUNDS/PROGRAMS (CONTINUED)

SHARE FUND #	<u>DEPARTMENTS/PROGRAMS DESCRIPTION</u>
89000	The ARRA fund is used to track special appropriations related to ARRA. SHARE Fund 89000 was created for agencies receiving federal stimulus funds. For fiscal year 2011 funding is 100% federal in SHARE fund 89000.
05300, 08900, 38600 39600, 53400, 59500 64800, 70000, 88300 95400, 96200	State Capital Outlay Funds (38600 and 64800 reverting) – The New Mexico Legislature annually appropriates general or bond funds to the State Agency on Aging for the purpose of altering or renovating senior citizen centers; for purchasing equipment and furnishings for these centers; and for purchasing new vehicles to replace obsolete vehicles used by the centers.

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2010

	62200 Conference on Aging	89000 ARRA Title III and Title IV	95300 Special Projects	05300 Capital Projects	08900 Capital Projects Laws 2006	38600 Capital Projects Laws 2007	39600 Capital Projects Laws 1998
ASSETS							
Petty cash	\$ 700	-	-	-	-	-	-
Interest in State General Fund Investment Pool	122,533	28	73,963	-	-	5	-
Receivables:							
Local government	-	-	-	-	-	-	-
Other	-	-	93,823	-	-	-	-
Due from federal government	-	178,668	-	-	-	-	-
Due from other agencies	-	-	-	-	5,000	34,967	-
Due from other funds	-	-	121,488	-	-	-	-
Other assets	-	-	9,627	-	-	-	-
TOTAL ASSETS	\$ 123,233	178,696	298,901	-	5,000	34,972	-
LIABILITIES							
Accounts payable	\$ 1,034	178,696	-	-	5,000	34,967	-
Accrued payroll	7,095	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Due to federal government	-	-	7,954	-	-	-	-
Due to other state agencies	-	-	1,824	-	-	-	-
Due to State General Fund Investment Pool	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Due to state general fund	-	-	221,659	-	-	-	-
Due to local governments	-	-	-	-	-	5	-
TOTAL LIABILITIES	8,129	178,696	231,437	-	5,000	34,972	-
FUND BALANCES:							
Fund balance (deficit)							
Unreserved - undesignated	114,404	-	67,464	-	-	-	-
Reserved for petty cash	700	-	-	-	-	-	-
TOTAL FUND BALANCES	115,104	-	67,464	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 123,233	178,696	298,901	-	5,000	34,972	-

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2010

	53400 Capital Projects House Bill 9	59500 Capital Projects Laws 2004	64800 Capital Projects Laws 2004	70000 Capital Projects Laws 2003	88300 Capital Projects Laws 2007	95400 Capital Projects House Bill 2	96200 Capital Projects Laws 2006	Total Nonmajor Funds
ASSETS								
Petty cash	-	-	-	-	-	-	-	700
Interest in State General Fund Investment Pool	-	500,673	-	-	1,657,919	619,533	597,331	3,571,985
Receivables:								
Local government	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	93,823
Due from federal government	-	-	-	-	-	-	-	178,668
Due from other agencies	512,451	-	518,603	127,256	6,146	-	-	1,204,423
Due from other funds	-	-	-	-	-	-	-	121,488
Other assets	-	-	-	-	-	-	-	9,627
TOTAL ASSETS	512,451	500,673	518,603	127,256	1,664,065	619,533	597,331	5,180,714
LIABILITIES								
Accounts payable	512,451	44,214	488,649	127,256	469,297	163,728	241,457	2,266,749
Accrued payroll	-	-	-	-	-	-	-	7,095
Deferred revenue	-	-	-	-	-	-	-	-
Due to federal government	-	-	-	-	-	-	-	7,954
Due to other state agencies	-	-	-	-	-	-	-	1,824
Due to State General Fund Investment Pool	-	-	29,737	-	-	-	-	29,737
Due to other funds	-	-	-	-	-	-	-	-
Due to state general fund	-	-	-	-	-	-	-	221,659
Due to local governments	-	-	-	-	-	-	-	5
TOTAL LIABILITIES	512,451	44,214	518,386	127,256	469,297	163,728	241,457	2,535,023
FUND BALANCES:								
Fund balance (deficit)								
Unreserved - undesignated	-	456,459	217	-	1,194,768	455,805	355,874	2,644,991
Reserved for petty cash	-	-	-	-	-	-	-	700
TOTAL FUND BALANCES	-	456,459	217	-	1,194,768	455,805	355,874	2,645,691
TOTAL LIABILITIES AND FUND BALANCES	512,451	500,673	518,603	127,256	1,664,065	619,533	597,331	5,180,714

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	62200 Conference on Aging	89000 ARRA Title III and Title IV	95300 Special Projects	05300 Capital Projects	08900 Capital Projects Laws 2006	38600 Capital Projects Laws 2007	39600 Capital Projects Laws 1998
REVENUES							
Fees and Services	\$ 115,535	-	-	-	-	-	-
Federal grants	-	735,084	-	-	-	-	-
TOTAL REVENUES	115,535	735,084	-	-	-	-	-
EXPENDITURES							
Current							
Personnel services and employee benefits	8,423	-	-	-	-	-	-
In-state travel	-	5,608	-	-	-	-	-
Supplies	885	1,347	-	-	-	-	-
Operating costs	5,702	-	21,439	-	-	-	-
Other costs	80,142	728,129	2,810	-	-	-	-
TOTAL EXPENDITURES:	95,152	735,084	24,249	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,383	-	(24,249)	-	-	-	-
OTHER FINANCING SOURCES (USES)							
State General Fund appropriations	-	-	-	-	-	-	-
Reversions	-	-	(108,869)	-	-	-	-
Bond Proceeds	-	-	-	256,071	142,505	308,167	65,314
Transfers to local governments	-	-	-	(256,071)	(142,505)	(308,167)	(65,314)
Operating transfers in/out	-	-	-	-	-	-	-
NET OTHER FINANCING SOURCES (USES)	-	-	(108,869)	-	-	-	-
NET CHANGE IN FUND BALANCES	20,383	-	(133,118)	-	-	-	-
FUND BALANCES, June 30, 2009	94,721	-	200,582	-	-	-	-
FUND BALANCES, June 30, 2010	\$ 115,104	-	67,464	-	-	-	-

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	53400	59500	64800	70000	88300	95400	96200	Total
	Capital Projects	Capital Projects	Capital Projects	Capital Projects	Capital Projects	Capital Projects	Capital Projects	Nonmajor
	House Bill 9	Laws 2004	Laws 2004	Laws 2003	Laws 2007	House Bill 2	Laws 2006	Funds
REVENUES								
Fees and Services	\$ -	-	-	-	-	-	-	115,535
Federal grants	-	-	-	-	-	-	-	735,084
TOTAL REVENUES	-	-	-	-	-	-	-	850,619
EXPENDITURES								
Current								
Personnel services and employee benefits	-	-	-	-	-	-	-	8,423
In-state travel	-	-	-	-	-	-	-	5,608
Supplies	-	-	-	-	-	-	-	2,232
Operating costs	-	-	-	-	-	-	-	27,141
Other costs	-	-	-	-	-	224	-	811,305
TOTAL EXPENDITURES:	-	-	-	-	-	224	-	854,709
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-	(224)	-	(4,090)
OTHER FINANCING SOURCES (USES)								
State General Fund appropriations	-	-	-	-	75,000	-	-	75,000
Reversions	-	(1,430,055)	-	-	(559,438)	(502,072)	(979,060)	(3,579,494)
Bond Proceeds	822,938	-	2,063,730	589,454	-	-	-	4,248,179
Transfers to local governments	(822,938)	(1,044,520)	(2,063,730)	(589,454)	(904,414)	(776,481)	(663,901)	(7,637,495)
Operating transfers in/out	-	(40,000)	-	-	(75,000)	-	-	(115,000)
NET OTHER FINANCING SOURCES (USES)	-	(2,514,575)	-	-	(1,463,852)	(1,278,553)	(1,642,961)	(7,008,810)
NET CHANGE IN FUND BALANCES	-	(2,514,575)	-	-	(1,463,852)	(1,278,777)	(1,642,961)	(7,012,900)
FUND BALANCES, June 30, 2009	-	2,971,034	217	-	2,658,620	1,734,582	1,998,835	9,658,591
FUND BALANCES, June 30, 2010	\$ -	456,459	217	-	1,194,768	455,805	355,874	2,645,691

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
PROGRAM SUPPORT (P-591)
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
State General Fund appropriations	\$ 4,698,300	4,694,700	4,694,700	-
Federal grants	644,700	672,915	448,073	(224,842)
Intra-state transfers	430,300	430,300	394,186	(36,114)
TOTAL REVENUES	\$ 5,773,300	5,797,915	5,536,959	(260,956)
EXPENDITURES:				
Current:				
Personnel services and benefits	\$ 4,858,500	4,850,834	4,533,985	316,849
Contractual services	165,100	191,300	164,574	26,726
Other operating costs	749,700	755,781	529,496	226,285
TOTAL EXPENDITURES	\$ 5,773,300	5,797,915	5,228,055	569,860
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	308,904	308,904

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
CONSUMER AND ELDER RIGHTS (P-592)
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
State General Fund appropriations	\$ 936,600	936,600	936,600	-
Federal grants	1,119,400	1,583,098	1,018,504	(564,594)
Intra-state transfers	163,000	163,000	122,133	(40,867)
Other fees and services	-	-	4,000	4,000
TOTAL REVENUES	\$ 2,219,000	2,682,698	2,081,237	(601,461)
EXPENDITURES:				
Current:				
Personnel services and benefits	\$ 1,660,500	1,939,787	1,583,219	356,568
Contractual services	47,700	225,200	74,257	150,943
Other operating costs	510,800	517,711	413,885	103,826
TOTAL EXPENDITURES	\$ 2,219,000	2,682,698	2,071,361	611,337
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	9,876	9,876

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
ADULT PROTECTIVE SERVICES
CONSUMER AND ELDER RIGHTS (P-593)
BUDGET AND ACTUAL
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
State General Fund appropriations	\$ 11,287,100	11,287,100	11,287,100	-
Intra-state transfers	2,471,000	2,471,000	2,249,862	(221,138)
	-	-	95	95
TOTAL REVENUES	\$ 13,758,100	13,758,100	13,537,057	(221,043)
EXPENDITURES:				
Current:				
Personnel services and benefits	\$ 7,635,500	7,960,600	7,739,784	220,816
Contractual services	3,386,200	3,386,200	3,243,486	142,714
Other operating costs	2,736,400	2,411,300	1,792,005	619,295
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES (USES)	\$ 13,758,100	13,758,100	12,775,275	982,825
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	761,782	761,782

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
AGING NETWORK (P-594)
BUDGET AND ACTUAL
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
State General Fund appropriations	\$ 27,387,600	27,387,600	27,387,600	-
Federal grants	8,096,800	8,555,576	8,267,932	(287,644)
Intra-state transfers	319,700	319,700	323,085	3,385
Other registration fees	90,000	90,000	56,210	(33,790)
Other fees	-	-	56,730	56,730
Other gifts and grants	-	9,295	6,790	(2,505)
TOTAL REVENUES	\$ 35,894,100	36,362,171	36,098,347	(263,824)
EXPENDITURES:				
Current:				
Personnel services and benefits	\$ 5,500	32,000	8,383	23,617
Contractual services	115,000	103,639	101,139	2,500
Other operating costs	35,586,000	36,038,932	34,956,806	1,082,126
TOTAL EXPENDITURES	\$ 35,706,500	36,174,571	35,066,328	46,375
OTHER FINANCING SOURCES USES				
Other financing uses	187,600	187,600	167,342	20,258
OTHER FINANCING SOURCES USES	187,600	187,600	167,342	20,258
TOTAL EXPENDITURES AND OTHER FINANCING USES	35,894,100	36,362,171	35,233,669	1,128,502
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	864,678	864,678

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
LONG TERM SERVICES (P-595)
BUDGET AND ACTUAL
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
State General Fund appropriations	\$ 4,696,300	4,696,300	4,696,300	-
Federal grants	829,000	829,000	702,250	(126,750)
Intra-state transfers	2,225,200	2,419,219	1,950,713	(468,506)
Other financing sources	1,789,000	1,789,000	1,252,241	(536,759)
Other penalties	-	-	182,032	182,032
Miscellaneous revenue	-	-	770	770
TOTAL REVENUES	\$ 9,539,500	9,733,519	8,784,306	(949,213)
EXPENDITURES:				
Current:				
Personnel services and benefits	\$ 4,381,600	4,498,911	3,883,042	615,869
Contractual services	2,444,400	2,490,718	1,798,384	692,334
Other operating costs	663,500	693,890	523,491	170,399
TOTAL EXPENDITURES	7,489,500	7,683,519	6,204,917	1,478,602
OTHER FINANCING SOURCES USES				
Other financing uses	2,050,000	2,050,000	2,009,000	41,000
OTHER FINANCING SOURCES USES	2,050,000	2,050,000	2,009,000	41,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	9,539,500	9,733,519	8,213,917	1,519,602
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	570,389	570,389

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO BUDGETARY COMPARISON SCHEDULES
June 30, 2010

NOTE 1. RECONCILIATION OF FUND FINANCIAL STATEMENTS TO BUDGETARY COMPARISON SCHEDULES

The budget is adopted on a modified accrual basis of accounting (General Appropriations Act, Laws of 2006, Chapter 109, Section 3, Subsections O and N) except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) that must be paid out of the next year's budget. A reconciliation of budgetary basis to GAAP basis will be necessary if any accounts payable at the end of the fiscal year are not paid by the statutory deadline. The Department has not included such reconciliation for fiscal year 2010 as all payables were paid by the statutory deadline.

The Department has prepared budgetary schedules in the current year by program code. A reconciliation of the budgetary schedules to the financial statements has been prepared in the footnotes.

	Revenue	Expenses	Other Financing Sources (Uses)/Reversions	Net Change in Fund Balance
Net Changes in Fund Balance per statement of revenues, expenditures and changes in fund balance				
General Fund (04900)	\$ 15,394,542	59,841,474	44,446,932	-
General Fund (27000)	98	34,227	-	(34,129)
General Fund (76800)	181,616	1,474,166	1,467,147	174,597
ARRA (89000)	735,084	735,084	-	-
Special Projects Fund (95300)	-	24,249	(108,869)	(133,118)
Conference on Aging Fund (62200)	115,535	95,152	-	20,383
	<u>16,426,875</u>	<u>62,204,352</u>	<u>45,805,210</u>	<u>27,733</u>
Net changes in fund balance per budget schedules				
General Appropriations				
Program Support Program (P-591)	\$ 5,536,959	5,228,055	(2,379,026)	(2,070,122)
Consumer and Elder Rights Program (P-592)	2,081,237	2,071,361	(108,869)	(98,993)
Adult Protective Services (P-593)	13,537,057	12,775,275	-	761,782
Aging Network Program (P-594)	36,098,347	35,066,328	(167,342)	864,677
Long Term Services Program (P-595)	8,784,306	6,204,917	(2,009,000)	570,389
	<u>\$ 66,037,906</u>	<u>61,345,936</u>	<u>(4,664,237)</u>	<u>27,733</u>

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

FUND 05300 - CAPITAL PROJECTS				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ 6,115,801	5,508,829	256,071	5,764,900
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 6,115,801	5,508,829	256,071	5,764,900
EXPENDITURES				
General Government				
Other Costs	6,115,801	5,508,829	256,071	5,764,900
TOTAL EXPENDITURES	\$ 6,115,801	5,508,829	256,071	5,764,900
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	-	-
OTHER FINANCING SOURCES (USES)				
State General Fund Appropriation	-	-	-	-
Reversion to State General Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	-		
FUND BALANCE, JUNE 30, 2009			-	-
FUND BALANCE, JUNE 30, 2010			-	-

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

	FUND 08900 - CAPITAL PROJECTS			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ 3,111,900	2,592,687	142,505	2,735,192
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 3,111,900	2,592,687	142,505	2,735,192
EXPENDITURES				
General Government				
Other Costs	3,111,900	2,592,687	142,505	2,735,192
TOTAL EXPENDITURES	\$ 3,111,900	2,592,687	142,505	2,735,192
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	-	-
OTHER FINANCING SOURCES (USES)				
State General Fund Appropriation	-	-	-	-
Reversion to State General Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	-		
FUND BALANCE, JUNE 30, 2009			-	-
FUND BALANCE, JUNE 30, 2010			-	-

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

FUND 38600 - CAPITAL PROJECTS				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ 4,133,169	2,249,139	308,167	2,557,306
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 4,133,169	2,249,139	308,167	2,557,306
EXPENDITURES				
General Government				
Other Costs	5,592,304	3,672,596	308,167	3,980,763
TOTAL EXPENDITURES	\$ 5,592,304	3,672,596	308,167	3,980,763
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,459,135)	(1,423,457)	-	(1,423,457)
OTHER FINANCING SOURCES (USES)				
Transfers to Other State Agencies		(7,820)		
State General Fund Appropriation	1,459,135	1,459,135	-	-
Reversion to State General Fund	-	(27,858)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ 1,459,135	1,423,457	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	-		
FUND BALANCE, JUNE 30, 2009			-	-
FUND BALANCE, JUNE 30, 2010			-	-

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

FUND 39600 - CAPITAL PROJECTS				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ 7,812,808	7,644,228	65,314	7,709,542
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 7,812,808	7,644,228	65,314	7,709,542
EXPENDITURES				
General Government				
Other Costs	7,812,808	7,644,228	65,314	7,709,542
TOTAL EXPENDITURES	\$ 7,812,808	7,644,228	65,314	7,709,542
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	-	-
OTHER FINANCING SOURCES (USES)				
State General Fund Appropriation	-	1,459,135	-	-
Reversion to State General Fund	-	(27,858)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	1,431,277	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	1,431,277		
FUND BALANCE, JUNE 30, 2009			-	-
FUND BALANCE, JUNE 30, 2010			-	-

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

FUND 53400 - CAPITAL PROJECTS				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ 8,251,860	6,287,614	822,938	7,110,552
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 8,251,860	6,287,614	822,938	7,110,552
EXPENDITURES				
General Government				
Other Costs	8,251,860	6,287,614	822,938	7,110,552
TOTAL EXPENDITURES	\$ 8,251,860	6,287,614	822,938	7,110,552
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	-	-
OTHER FINANCING SOURCES (USES)				
State General Fund Appropriation	-	-	-	-
Reversion to State General Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	-		
FUND BALANCE, JUNE 30, 2009			-	-
FUND BALANCE, JUNE 30, 2010			-	-

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

FUND 59500 - CAPITAL PROJECTS				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ -	-	-	-
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES				
General Government				
Other Costs	9,637,101	6,400,339	1,084,520	7,484,859
TOTAL EXPENDITURES	\$ 9,637,101	6,400,339	1,084,520	7,484,859
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (9,637,101)	(6,400,339)	(1,084,520)	(7,484,859)
OTHER FINANCING SOURCES (USES)				
State General Fund Appropriation	9,637,101	9,667,101	-	9,667,101
Reversion to State General Fund	-	(295,728)	(1,430,055)	(1,725,783)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 9,637,101	9,371,373	(1,430,055)	7,941,318
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	2,971,034	(2,514,575)	456,459
FUND BALANCE, JUNE 30, 2009			2,971,034	-
FUND BALANCE, JUNE 30, 2010			456,459	456,459

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

	FUND 64800 - CAPITAL PROJECTS			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ 27,094,891	11,381,773	2,063,730	13,445,503
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 27,094,891	11,381,773	2,063,730	13,445,503
EXPENDITURES				
General Government				
Other Costs	27,531,891	11,812,927	2,063,730	13,876,657
TOTAL EXPENDITURES	\$ 27,531,891	11,812,927	2,063,730	13,876,657
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (437,000)	(431,154)	-	(431,154)
OTHER FINANCING SOURCES (USES)				
State General Fund Appropriation	437,000	437,000	-	437,000
Reversion to State General Fund	-	(5,629)	-	(5,629)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 437,000	431,371	-	431,371
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	217	-	217
FUND BALANCE, JUNE 30, 2009			217	-
FUND BALANCE, JUNE 30, 2010			217	217

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

FUND 70000 - CAPITAL PROJECTS				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ 3,588,563	2,949,915	589,454	3,539,369
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 3,588,563	2,949,915	589,454	3,539,369
EXPENDITURES				
General Government				
Other Costs	3,588,563	2,949,915	589,454	3,539,369
TOTAL EXPENDITURES	\$ 3,588,563	2,949,915	589,454	3,539,369
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	-	-
OTHER FINANCING SOURCES (USES)				
State General Fund Appropriation	-	-	-	-
Reversion to State General Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	-	-	-
FUND BALANCE, JUNE 30, 2009			-	-
FUND BALANCE, JUNE 30, 2010			-	-

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

FUND 88300 - CAPITAL PROJECTS				
	Project Authorization	Prior Years	Current Year	Total
REVENUES				
State Shared Revenue				
Bond Sales	\$ 1,540,565	1,043,849	-	1,043,849
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 1,540,565	1,043,849	-	1,043,849
EXPENDITURES				
General Government				
Other Costs	7,925,447	4,701,631	904,414	5,606,045
Other Financing Uses - Reauthorization	-	68,480	75,000	143,480
TOTAL EXPENDITURES	\$ 7,925,447	4,770,111	979,414	5,749,525
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (6,384,882)	(3,726,262)	(979,414)	(4,705,676)
OTHER FINANCING SOURCES (USES)				
State General Fund Appropriation	6,384,882	6,384,882	75,000	6,459,882
Reversion to State General Fund	-	-	(559,438)	(559,438)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 6,384,882	6,384,882	(484,438)	5,900,444
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	2,658,620	(1,463,852)	1,194,768
FUND BALANCE, JUNE 30, 2009			2,658,620	-
FUND BALANCE, JUNE 30, 2010			1,194,768	1,194,768

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

FUND 95400 - CAPITAL PROJECTS				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ 4,160,000	4,160,000	-	4,160,000
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 4,160,000	4,160,000	-	4,160,000
EXPENDITURES				
General Government				
Other Costs	13,231,444	11,427,391	776,705	12,204,096
TOTAL EXPENDITURES	\$ 13,231,444	11,427,391	776,705	12,204,096
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (9,071,444)	(7,267,391)	(776,705)	(8,044,096)
OTHER FINANCING SOURCES (USES)				
Transfers to Other State Agencies	-	(41,991)	-	(41,991)
State General Fund Appropriation	9,071,444	9,046,144	-	9,046,144
Reversion to State General Fund	-	(2,180)	(502,072)	(504,252)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 9,071,444	9,001,973	(502,072)	8,499,901
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	1,734,582	(1,278,777)	455,805
FUND BALANCE, JUNE 30, 2009			1,734,582	-
FUND BALANCE, JUNE 30, 2010			455,805	455,805

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

FUND 96200 - CAPITAL PROJECTS				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ 7,108,447	6,718,368	-	6,718,368
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 7,108,447	6,718,368	-	6,718,368
EXPENDITURES				
General Government				
Other Costs	13,154,947	10,499,032	663,901	11,162,933
Other Financing Uses - Reauthorization	-	277,000	-	277,000
TOTAL EXPENDITURES	\$ 13,154,947	10,776,032	663,901	11,439,933
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (6,046,500)	(4,057,664)	(663,901)	(4,721,565)
OTHER FINANCING SOURCES (USES)				
State General Fund Appropriation	6,046,500	6,049,350	-	6,049,350
Reversion to State General Fund	-	7,149	(979,060)	(971,911)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 6,046,500	6,056,499	(979,060)	5,077,439
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	1,998,835	(1,642,961)	355,874
FUND BALANCE, JUNE 30, 2009			1,998,835	-
FUND BALANCE, JUNE 30, 2010			355,874	355,874

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SPECIAL REVENUE PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
From Inception and for the Year Ended June 30, 2010

FUND 96500 - CAPITAL PROJECTS				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
REVENUES				
State Shared Revenue				
Bond Sales	\$ 26,608,733	13,091,395	3,771,811	16,863,206
Intergovernmental Revenue				
Federal Grants	-	-	-	-
Other Gifts and Donations				
Donations	-	-	-	-
TOTAL REVENUES	\$ 26,608,733	13,091,395	3,771,811	16,863,206
EXPENDITURES				
General Government				
Other Costs		-	-	-
Other Costs	26,608,733	13,091,395	3,771,811	16,863,206
TOTAL EXPENDITURES	\$ 26,608,733	13,091,395	3,771,811	16,863,206
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers to Other State Agencies	-	-	-	-
State General Fund Appropriation	-	-	-	-
Reversion to State General Fund	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	-	-	-
FUND BALANCE, JUNE 30, 2009			-	-
FUND BALANCE, JUNE 30, 2010			-	-

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SUPPLEMENTAL SCHEDULE OF INTEREST IN STATE GENERAL FUND INVESTMENT POOL
As of June 30, 2010

<u>Name of Depository</u>	<u>Account Name</u>	<u>Fund Type</u>	<u>Type of Account</u>	<u>Interest Bearing</u>	<u>Reconciled Balance at June 30, 2010</u>
Interest in State General Fund Investment Pool					
General Fund					
State Treasurer	General Operating Account (Fund 04900)	General	State Treasurer	No	\$ 6,461,339
State Treasurer	General Operating Account (Fund 76800)	General	State Treasurer	No	2,351,544
					<u>8,812,883</u>
Special Revenue Fund					
State Treasurer	Conference on Aging (Fund 62200)	Special Revenue	State Treasurer	No	122,533
State Treasurer	ARRA - Title III & Title V (Fund 89000)	Special Revenue	State Treasurer	No	28
State Treasurer	Special Projects (Fund 953000)	Special Revenue	State Treasurer	No	73,963
					<u>196,524</u>
Capital Projects Fund					
State Treasurer	Capital Projects, Laws 2006 (Fund 08900)	Capital Project	State Treasurer	No	-
State Treasurer	Capital Projects, Laws 2007 (Fund 38600)	Capital Project	State Treasurer	No	5
State Treasurer	Capital Projects, Laws 2004 (Fund 59500)	Capital Project	State Treasurer	No	500,673
State Treasurer	Capital Projects, Laws 2003 (Fund 70000)	Capital Project	State Treasurer	No	-
State Treasurer	Capital Projects, Laws 2007 (Fund 88300)	Capital Project	State Treasurer	No	1,657,919
State Treasurer	Capital Projects, House Bill 2 (Fund 95400)	Capital Project	State Treasurer	No	619,533
State Treasurer	Capital Projects, Laws 2006 (Fund 96200)	Capital Project	State Treasurer	No	597,331
					<u>3,375,461</u>
					<u>12,384,868</u>
Due to State Treasurer Investment Pool					
State Treasurer	General Operating Account (Fund 27000)	General	State Treasurer	No	\$ 449,034
State Treasurer	Capital Projects, Laws 2006 (Fund 96500)	Capital Project	State Treasurer	No	70,615
State Treasurer	Capital Projects, Laws 2004 (Fund 64800)	Capital Project	State Treasurer	No	29,737
					<u>\$ 549,386</u>
Total Interest in State General Fund Investment Pool					<u>\$ 11,835,482</u>

STATE OF NEW MEXICO
AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
As of June 30, 2010

Federal Agency	Pass-Through #	Federal CFDA Number	Federal Participating Expenditures
U.S. Department of Health and Human Services (HHS)			
Pass-Through Programs From:			
CYFD - Substance abuse(STG)	5U79SM057464-04	93.243	\$ 102,939
CYFD-Title XX	2010G992342	93.667	2,249,862
HSD- TANF	G-XX-04-NM-TANF	93.558	690,775
HSD - Medicaid Programs	05-630-8000-0007A2	93.778	1,117,927
HSD - Ombudsman Medicaid	05-630-8000-0007A2	93.778	96,383
HSD -TBI Waiver	05-630-8000-0007A2	93.778	144,802
HSD - Resource Center	05-630-8000-0007A2	93.778	568,854
			1,927,966
Total HHS Pass-Through Programs			4,971,542
Direct Awards:			
Title III-B Social Services	10AANMT3SP	93.044*	1,927,470
Title III Community Programs	10AANMT3SP	93.044*	209,941
Title III Training	10AANMT3SP	93.044*	6,869
			2,144,280
Title III-C1 & -C2 Nutrition Services	10AANMT3SP	93.045*	3,155,641
Title III-Accounting/Grant Accounting	10AANMT3SP	93.045*	98,081
			3,253,722
Title III-D Preventive Health	10AANMT3SP	93.043	142,565
Title III-E Family Caregiver Support	10AANMT3SP	93.052	959,088
Title VII - Elder Abuse Ombudsman	10AANMT7SP 10AANMT7SP	93.041 93.042	38,573 60,818
Senior Saving Medicare	90 AM2929/05	93.048	175,260
Alzheimer's Disease Program	90AZ2792/04	93.051	3,168
Nutrition Services Incentive Program	10AANMNSIP	93.053*	2,023,055
AoA- Medicare Enrollment Assistance Program (MIPPA)	09AANMMIPP	93.071	22,304
AoA- Medicare Enrollment Assistance Program (MIPPA)	09AANMMIDR	93.071	447
			22,751
ARRA Home Delivered Meals	A10AANMT3SP	93.705*	198,424
ARRA Congregate Meals	A10AANMT3SP	93.707*	403,054
Total HHS Direct Awards			9,424,758
Centers for Medicare and Medicaid Services (CMS)			
CMS Federal	1X0CMS330781-01-00	93.779	288,018
CMS-STG	1X0CMS020222-18-02	93.779	700,550
CMS- MIPPA	1X0CMOS30344/01	93.779	31,420
CMS- MIPPA	1Y0CMS030362/01	93.779	66,151
Total CMS Direct Awards			1,086,139
U.S. Department of Labor			
VAWA	2007-WF-AX-0020	16.588	25,000
Total DOJ Direct Awards			25,000
U.S Department of Labor (DOL)			
Title V-Senior Employment Program	AD-18724-09-60-A-35	17.235	476,355
ARRA Title V	AD-18724-09-60-A-35	17.235	133,606
Total DOL Direct Awards			609,961
Total Federal Awards			16,117,399

* Aging cluster of Federal Programs

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2010**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Department and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Not-For-Profit Organizations*. The amounts presented in this schedule agree with amounts presented in, or used in the preparation of, the financial statements.

NOTE 2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Department provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided To Subrecipients
Preventive Health	93.043	\$ 142,565
Social Services	93.044	1,927,470
Nutrition Services	93.045	3,155,641
Family Caregiver Support	93.052	959,088
Alzheimer's Disease Program	93.048	3,168
Nutrition Services Incentive Program	93.053	<u>2,023,055</u>
Total		<u>\$ 8,210,987</u>

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

State of New Mexico
Aging and Long Term Services Department
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and the major special revenue fund of the State of New Mexico Aging and Long Term Services Department (Department) as of and for the year ended June 30, 2010, which collectively comprise the Department's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Department's nonmajor governmental funds and the budgetary comparison schedules presented as supplementary information in the accompanying combining and individual fund financial statements and have issued our report thereon dated January 13, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the State of New Mexico Aging and Long Term Services Department (Department) is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Department's internal control over financing reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material

State of New Mexico
Aging and Long Term Services Department
and
Mr. Hector H. Balderas
New Mexico State Auditor

weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 10-05.

A *significant deficiency* is a deficiency of a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 10-06 and 10-07.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 10-07, 10-08, 08-01, and 09-01 .

State of New Mexico
Aging and Long Term Services Department
and
Mr. Hector H. Balderas
New Mexico State Auditor

The Department's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Department's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Department's management, U.S. Department of Health and Human Services, and other federal awarding agencies and pass-through entities, the New Mexico State Auditor's Office, Department of Finance Administration, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
January 13, 2012

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

State of New Mexico
Aging and Long Term Services Department
and
Mr. Hector H. Balderas
New Mexico State Auditor

Compliance

We have audited the State of New Mexico Aging and Long Term Services Department's (Department) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2010. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Department'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. Our audit does not provide a legal determination of Department's compliance with those requirements.

State of New Mexico
Aging and Long Term Services Department
and
Mr. Hector H. Balderas
New Mexico State Auditor

In our opinion, the Department complied, in all material respects, with the 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, 2010. However, the results of our auditing procedures also disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-01, 10-02, 10-03, 10-04, 10-09, and 10-10.

Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control compliance. Accordingly, we do not express an opinion on the effectiveness of the Department'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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified certain

State of New Mexico
Aging and Long Term Services Department
and
Mr. Hector H. Balderas
New Mexico State Auditor

deficiencies in internal control over compliance that we consider to be *significant deficiencies* as described in the accompanying schedule of findings and questioned costs as items 10-01, 10-02, 10-03, 10-09 and 10-10. 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.

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Department's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management of the Department, the New Mexico State Legislature, the New Mexico State Auditor, the New Mexico Department of Finance and Administration, and the federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mess Adams LLP

Albuquerque, New Mexico
January 13, 2012

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiencies identified? X Yes None reported

Non-compliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiencies identified? X Yes None reported

Type of Auditors' Report Issued on Compliance for each Major Program Unqualified

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

Identification of Major Program

CFDA Number	Name of Federal Program or Cluster
93.044, 93.045, 93.053, 93.707, 93.705	Aging Cluster
93.778	Medicaid
17.235	Title V
93.779	Centers for Medicare and Medicaid Services

Dollar threshold used to distinguish between type A and type B programs \$ 483,522

Auditee qualified as low-risk auditee? Yes X No

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS

10-05 Lack of Established Procedures and Controls over Financial Close and Reporting (Material Weakness)

CONDITION

The Department lacks a formal, established, and documented system of internal controls governing its financial close and reporting process. Reconciliations are performed primarily at year-end, with the exception of revenue and expense account reconciliations, and are not performed timely. Many account balances lack sufficient substantiation due to a lack of documentation. In addition, many of the processes used in prior years to reconcile the accounts and prepare the financial statements were not documented, and therefore the process was lost when key individuals left the Department's employment. Numerous adjustments had to be made to the existing trial balance to prepare the financial statements, reconciliation and adjustment of the trial balance did not occur timely.

CRITERIA

The financial close and reporting process should be governed by an effective system of internal controls, including the identification and monitoring of internal and external reporting requirements and deadlines; the methodology, format, and frequency of required analyses; roles and responsibilities; as well changes and analyses of financial information and requirements. Periodic reconciliation of significant accounts should be performed regularly, timely, and with sufficient oversight and documentation. The financial close and reporting process should be sufficiently documented to avoid interruption in controls should key individuals leave the Department.

CAUSE

Due to a lack of an established, documented process, key controls governing the financial close and reporting process were not functioning as a result of personnel turnover. Overall, during the year under audit, the Department lacked a documented process to prepare financial statements.

EFFECT

During the year under audit, the financial close and reporting process was not formally established or documented, increasing the risk that the close process lacked sufficient oversight, that significant accounts were not reconciled timely, that balances lacked substantiation, and that financial statements would not be free of material misstatement.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

10-05 Lack of Established Procedures and Controls over Financial Close and Reporting (Material Weakness) (Continued)

RECOMMENDATION

We recommend that the Department establish and document a formal financial close and reporting process with established roles and responsibilities, identification and monitoring of internal and external reporting requirements and deadlines, and the methodology, format, and frequency of required analyses and reconciliations.

DEPARTMENT RESPONSE

Management agrees with the finding. The Department has established an effective, comprehensive reconciliation program that incorporates monthly reconciliations of the balance sheet, revenue and expenditure accounts; a year-end close process as outlined by the Department of Finance and Administration; clearly defined roles and responsibilities and a formalized, documented schedule of internal and external reporting requirements and deadlines. Due to the protracted preparation of the current year financial statements, the development and implementation of the new procedures will take effect in fiscal year 2012.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

10-06 Reliance on Non-Supported Accounting System (Significant Deficiency)

CONDITION

Throughout the year under audit, the Department used AFRAS as its book of record, which is neither supported nor subject to oversight by the Department of Finance and Administration.

CRITERIA

In order to ensure that relevant, sufficient, and reliable data is used to prepare the financial statements, the trial balance should reflect the final general ledger, including transactions affecting both the balance for the year ending and as of the reporting date.

CAUSE

The Department uses both SHARE and AFRAS to record transactions throughout the year, and periodic reconciliations between the two systems are not performed until well after the year has ended.

EFFECT

The final account balances reported on the financial statements did not arise directly from either the amount reported in SHARE or AFRAS, but rather an amalgamation of the two systems, since both systems included extraneous and lacked necessary journal entries, resulting in a lack of timely substantiation for some account balances.

RECOMMENDATION

We recommend that the Department cease using AFRAS and instead maintain and reconcile their financial records in SHARE, which is subject to oversight by the Department of Finance and Administration. We also recommend that financial statements be prepared from the SHARE trial balance.

DEPARTMENT RESPONSE

Management agrees with the finding. Management made the decision at the start of the current year audit to prepare the financial statements based on the SHARE trial balance, present the basic financial statements by fund with support from AFRAS only if necessary. ALTSD ceased the active operation of the AFRAS system the Fiscal Year 12 financial statement will be solely from SHARE.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

10-07 Untimely Reversions (Significant Deficiency and Non Compliance)

CONDITION

There is a lack of controls over the tracking, calculation, and timeliness of reversions. We received numerous reversion schedules throughout the audit with material changes made to each version of the calculation.

CRITERIA

Section 6-5-10(A) NMSA 1978 requires all unreserved, undesignated fund balances in reverting funds as of June 30 to be reverted to the New Mexico State General Fund by September 30 and subsequently adjusted within 45 days of the completion of the annual audit. The FY10 reversion was due on September 30, 2010.

EFFECT

The Department is not in compliance with Section 6-5-10(A) NMSA 1978.

CAUSE

The Department did not accurately calculate the amount to be transferred prior to the September 30 due date.

RECOMMENDATION

The Department should establish procedures, controls, and monitoring to ensure timely calculation and submission of reversions to the New Mexico State General Fund.

DEPARTMENT RESPONSE

Management agrees that improvements can be made in the calculation of the reversion. Management also recognizes the difficulties associated with the turnover of numerous schedules presented to the auditors and the gravity of the material changes made to the calculations. The Department currently reconciles expenditures to revenues on a monthly basis and applies the appropriate level of controls for draws and payments. The process also includes formal documentation that reconciles the federal grants periodically throughout the year.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

10-08 Late Financial Audit Report (Non Compliance)

CONDITION

The Department issued the audit report subsequent to the December 15, 2010 deadline required by the State Auditor.

CRITERIA

State Audit Rule 2.2.2.9. (A), NMAC state that state agencies are required to submit the audit report for the year ended June 30, 2010 on or before December 15, 2010.

CAUSE

The Department was unable to submit the June 30, 2010 audit report on a timely basis.

EFFECT

The Department is not in compliance with State of New Mexico requirements.

RECOMMENDATION

The Department must ensure that all future audit reports are filed in a timely manner. The Department should ensure this process is timely in the future through communication with the state auditor.

DEPARTMENT RESPONSE

Management agrees with the finding and has documented a formal year-end reporting schedule that includes accounting system closing procedures per DFA requirements followed by audit requirements per Office of State Auditors Annual Audit Rules.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

08-01 Inventory and Disposal of Capital Assets (Repeated, Non Compliance)

CONDITION

The capital asset inventory taken at June 30, 2010 was not complete. All of the items listed as disposed of during the year under audit were still included on the certified inventory listing.

CRITERIA

Pursuant to State Audit Rule 2.2.2.10 V NMAC, all agencies are required to submit written certification to the State Auditor that all hard drives of disposed computers have been properly sanitized. Section 12-6-10, NMSA 1978, requires each Department to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The Department shall certify the correctness of the inventory after the physical inventory.

CAUSE

The Department performs an annual physical inventory, but does not remove items that have been disposed of from the inventory listing before certifying the inventory to state that all assets were on hand as of June 30, 2010.

EFFECT

The certified inventory contains assets that the Department no longer owns.

RECOMMENDATION

The Department should verify the accuracy of their capital asset inventory each year prior. The Department should develop and institute procedures to ensure that all computer hard drives are properly cleared and that the required certification has been submitted to the State Auditor office. There are three basic procedures that the department could implement to ensure that all computer hard drives are properly cleared including purchasing and using a commercial degaussing product to erase magnetic disks, overwriting stored data five times, or reformatting the drives.

DEPARTMENT RESPONSE

Management agrees with the finding. The Department has developed a formal, documented process for performing a periodic asset inventory to ensure assets are properly tracked and managed. The process will also include effective controls to ensure property approved for disposition is removed from the capital asset listing in a timely manner and certified by management.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

**09-01 Internal Control: Controls over Travel and Per Diem Expenses
(Modified and Repeated, Non Compliance)**

CONDITION

During our test work of Travel and Per Diem Expenses, we noted one out of five items tested of \$553 that did not include proper approval.

CRITERIA

Pursuant Section 6-5-1 NMSA, Manual of Model Accounting Practices (MAP) Vol. 1, Section 0.9.3 (E) requires supervisory verification of supporting documents with expenditure vouchers.

CAUSE

The review and approval process for Per Diem and Travel expenditures did not appear to be sufficient.

EFFECT

The Department paid a travel and per diem reimbursement voucher without appropriate supervisor review and approval.

RECOMMENDATION

The Department needs to enhance its Per Diem expenditure approval process to ensure compliance and appropriateness for such expenditures.

DEPARTMENT RESPONSE

Management agrees with the finding. The Department has in place two levels of review to ensure every travel reimbursement request has the appropriate level of approval with signatures by the supervisor and division director or designated representative.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

10-01 Missing Time and Effort Reports (Significant Deficiency and Non-Compliance)

Federal program information:

Funding Department: U.S. Department of Labor, U.S. Department of Health and Human Services
Title: Title V, ARRA Title V, Medicaid, Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations (CMS)
CFDA Number: 17.235, 93.778, 93.779

CONDITION

The Department does not maintain payroll certification reports to adequately substantiate time and effort spent for each grant award.

CRITERA

Per OMB Circular A-87, the Department should complete and maintain payroll certification reports to accurately allocate payroll expenses to each federal grant.

CAUSE

The Department does not include the preparation and approval of payroll certification reports as part of its payroll process.

QUESTIONED COSTS

None

EFFECT

Without complete and accurate payroll certification reports, the Department cannot accurately allocate payroll expenses to each federal grant, increasing the risk that costs reported by grant will be misstated.

RECOMMENDATION

We recommend that the Department begin completing, maintaining, and approving payroll certification reports to comply with federal grant compliance requirements.

DEPARTMENT RESPONSE

Management agrees with the finding. ALTSD has implemented a process whereby individuals whose salaries are funded by a federal grant, in part or in whole, will report the payroll expenses by grant and will be certified to show that the time worked meets the requirements of OMB Circular A-133.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

**10-02 Lack of Process to Timely and Accurately Prepare the SEFA (Significant
Deficiency and Non-Compliance)**

Federal program information:

Funding Department: U.S. Department of Labor, U.S. Department of Health and Human Services

Title: Aging Cluster, Medicaid, Title V, and ARRA Title V, and CMS

CFDA Number: 93.044, 93.045, 93.053, 93.707, 93.705, 93.778, 17.235, 93.779

CONDITION

Throughout our testwork, we received multiple versions of the SEFA, some of which omitted a major program, contained errors in the CFDA numbers for the programs reported, and erroneously reported the amount of the total federal expenditures.

CRITERIA

Per OMB Circular A-133, it is the auditee's responsibility to (among other duties):

- Identify, in its accounts, all federal awards received. Federal award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal Department, and name of the pass-through entity.
- Prepare appropriate financial statements, including the schedule of expenditure of Federal awards.

CAUSE

The Department does not have a formal, established, and documented process for identifying, reporting, and reconciling Federal expenditures or awards.

QUESTIONED COSTS

None

EFFECT

Without an established process governed by effective internal controls, the Department may not prevent or detect material misstatements on its SEFA in a timely manner.

RECOMMENDATION

We recommend that the Department implement an established process and system of internal controls to identify and report federal awards, and to prevent and detect material misstatements on its SEFA.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

**10-02 Lack of Process to Timely and Accurately Prepare the SEFA (Significant
Deficiency and Non-Compliance)**

DEPARTMENT RESPONSE

Management agrees with the finding. The Department has established and implemented a formal process whereby federal grant awards are recorded and expenditures are correctly allocated to each grant. The process also includes the development of an effective and disciplined reconciliation between expenditures and payments performed in a frequent and timely manner. The Department has also established clearly defined and documented roles and responsibilities for each member involved in the federal reporting process.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

10-03 Over Draw of Federal Funding (Significant Deficiency and Non-Compliance)

Federal program information:

Funding Agency: U.S. Department of Health and Human Services
Title: Centers for Medicare and Medicaid Services
CFDA Number: 93.779

CONDITION

As part of our testwork over the Department's SEFA, we noted that, for one major program, the Department drew down more Federal funds than were reported in the SEFA.

CRITERIA

Per OMB Circular A-133, it is the auditee's responsibility to (among other duties):

- Identify, in its accounts, all federal awards received. Federal award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal Department, and name of the pass-through entity.
- Prepare appropriate financial statements, including the schedule of expenditure of Federal awards.

CAUSE

The Department does not have a formal, established, and documented process for identifying, reporting, and reconciling Federal expenditures or awards.

QUESTIONED COSTS

None.

EFFECT

Without an established process governed by effective internal controls, the Department may not prevent or detect material misstatements on its SEFA in a timely manner.

RECOMMENDATION

We recommend that the Department implement an established process and system of internal controls to identify and report federal awards, and to prevent and detect material misstatements on its SEFA.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

10-03 Over Draw of Federal Funding (Significant Deficiency and Non-Compliance) (Continued)

DEPARTMENT RESPONSE

Management agrees with the finding. The Department has established and implemented a formal process whereby federal grant awards are recorded and expenditures are correctly allocated to each grant. The process also includes the development of an effective and disciplined reconciliation between expenditures and payments performed in a frequent and timely manner. The Department has also established clearly defined and documented roles and responsibilities for each member involved in the federal reporting process.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

10-04 Late Data Collection Form (Non Compliance)

Federal program information:

Funding agency: U.S. Department of Labor, U.S. Department of Health and Human Services
Title: Aging Cluster, Medicaid, Title V, and ARRA Title V, and CMS
CFDA Number: 93.044, 93.045, 93.053, 93.707, 93.705, 93.778, 17.235, 93.779

CONDITION

The Department submitted the Data Collection Form, required by OMB Circular A-133, more than 9 months after the close of the fiscal year under audit.

CRITERIA

OMB Circular A-133 §_320(a) requires that the audit be completed and the data collection form and reporting package be submitted by the earlier date of either 30 days after the receipt of the auditor's report(s), or nine months after the end of the fiscal year end date, unless a longer period is agreed to in advance by the cognizant or oversight Department for audit.

CAUSE

The Department was unable to submit the June 30, 2010 Data Collection Form and reporting package on a timely basis.

QUESTIONED COSTS

None

EFFECT

The Department is not in compliance with Federal award requirements.

RECOMMENDATION

The Department must ensure that all future audit reports are filed in a timely manner.

DEPARTMENT RESPONSE

Management agrees with the finding. The Department has implemented a formal, working schedule that details end of year reporting requirements to meet Department, state and federal policies and regulations.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

10-9 Suspension & Debarment Exception (Significant Deficiency and Non-Compliance)

Federal program information:

Funding Agency: U.S. Department of Health and Human Services
Title: Centers for Medicare and Medicaid Services (CMS) Research,
Demonstrations and Evaluations
CFDA Number: 93.779

CONDITION

During our testing of suspension and debarment, we noted that the CMS program is not performing a verification check to ensure that federal funds were not being awarded to suspended or debarred parties.

CRITERIA

OMB Cost Circular A-102 states: “Debarment and Suspension. Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549. Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Non-procurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and sub-grantees (including contractors) at any tier do not make awards in violation of the non-procurement debarment and suspension common rule.”

CAUSE

Management did not monitor this requirement.

QUESTIONED COSTS

None

EFFECT

The Department could unknowingly award federal assistance for the CMS program to applicants that are ineligible for participation in their programs, causing noncompliance with the grants and potential questioned costs.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

10-9 Suspension & Debarment Exception (Significant Deficiency and Non-Compliance) (Continued)

RECOMMENDATION

We recommend that the Department train staff and review each federal grant and federal guidance such as the OMB Circulars and the OMB Compliance Supplements for all the specific federal requirements and implement policies and procedures to safeguard the Department against noncompliance.

DEPARTMENT RESPONSE

Management agrees with the finding. The Department has implemented the process to perform the required verification check to ensure that federal funds are not being awarded to suspended or debarred parties. The check will be performed using available federal resources such as the List of Parties Excluded from Federal Procurement or Non-procurement programs and related websites.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

10-10 Matching Requirements (Significant Deficiency and Non-Compliance)

Federal program information:

Funding Agency: U.S. Department of Health and Human Services
Title: Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations
and Evaluations
CFDA Number: 93.779

CONDITION

The Agency did not provide adequate support for the Systems Transformations Grant (STG) in regards to the non-federal match required to be made per the Grant Agreement.

CRITERIA

Per the Grant Agreement 1LQCMS300013/01, Grantees are required to make a non-financial contribution of 5% of the total grant award.

CAUSE

The Agency lacks adequate monitoring over the controls for managing this federal grant.

QUESTIONED COSTS

\$54,307

EFFECT

The Agency is not in compliance with the specified conditions of the STG federal grant agreement. Loss of future funding can result in this non compliance.

RECOMMENDATION

We recommend that the Agency implement and document monitoring procedures and abide by the 5% matching requirement to ensure compliance with the grant agreement.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICE DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
June 30, 2010**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)**

**10-10 Matching Requirements (Significant Deficiency and Non-Compliance)
(Continued)**

DEPARTMENT RESPONSE

Management agrees with the finding. ALTSD has implemented a process whereby individuals whose salaries are funded by a federal grant will comply with strict reporting procedures. The agency will review and comply with all elements of the federal grant matching requirements. Expenses attributed to the federal grant and those attributed to any match component will be documented, approved, and reported by the proper level of management. The department has also established clearly defined and documented roles and responsibilities for each member involved in the federal reporting process.

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICES DEPARTMENT
STATUS OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2010**

08-01 Inventory and Disposal of Capital Assets – Modified and Repeated

09-01 Internal Control: Controls over Travel and Per Diem Expenses – Modified and Repeated

09-02 Improper Cell Phone Expenditures – Resolved

**STATE OF NEW MEXICO
AGING AND LONG TERM SERVICES DEPARTMENT
EXIT CONFERENCE
June 30, 2010**

The exit conference for the fiscal year 2010 audit of Aging and Long Term Services Department was held on January 19, 2012. The following individuals were present at the exit conference:

Aging and Long Term Services Department

Retta Ward, Cabinet Secretary Designate, CFO
Gino Rinaldi, Deputy Cabinet Secretary
Jason Sanchez, Administrative Services Director
Julia Gil, Deputy Administrative Services Director

Department of Finance and Administration (DFA)

Richard Torrance

Moss Adams LLP

Amy Carter, Senior Manager

The financial statements and footnotes were prepared by the Aging and Long Term Services Department with the assistance of the auditors Moss Adams LLP from information contained in the general ledger and other accounting records maintained by the Department. The Department's employees have the qualifications and training to apply GAAP in recording their financial transactions and preparing their financial statements.