



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

**FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**June 30, 2014**

atkinson

PRECISE. PERSONAL. PROACTIVE.

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Official Roster..... 1

**FINANCIAL SECTION**

Report of Independent Certified Public Accountants .....2-4  
Management’s Discussion and Analysis (Unaudited) .....5-10

**BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements

Statement of Net Position ..... 11  
Statement of Activities ..... 12

Governmental Funds Financial Statements

Balance Sheet - Governmental Funds ..... 13  
Reconciliation of the Balance Sheet to the Statement of Net Position -  
Governmental Funds ..... 14  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds ..... 15  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances to the Statement of Activities -  
Governmental Funds ..... 16  
Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual (Budgetary Basis) – General Fund – Fund 04900 –  
All Appropriations Major Governmental Fund – General Fund ..... 17

Notes to Financial Statements..... 18-42

**SUPPLEMENTARY INFORMATION**

Fund Descriptions ..... 43  
Combining Balance Sheet – Non Major Governmental Funds .....44-46  
Combining Statement of Revenues, Expenditures and Changes in  
Fund Balances – Non Major Governmental Funds .....47-49

**TABLE OF CONTENTS – CONTINUED**

**SUPPLEMENTARY INFORMATION – CONTINUED**

**MAJOR GOVERNMENTAL FUNDS – GENERAL FUNDS**

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual (Budgetary Basis) – Program Support (P-591) – Schedule 1..... 50

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual (Budgetary Basis) – Consumer and Elder Rights (P-592) – Schedule 2 .... 51

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual (Budgetary Basis) – Adult Protective Services (P-593) – Schedule 3 ..... 52

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual (Budgetary Basis) – Aging Network (P-594) – Schedule 4..... 53

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – Special Appropriations (Z30551) – Schedule 5..... 54

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – Special Appropriations (Z40561) – Schedule 6..... 55

**NON-MAJOR GOVERNMENTAL FUNDS**

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – Capital Project Fund (05300) – Schedule 7 ..... 56

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – Capital Project Fund (59500) – Schedule 8 ..... 57

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – Capital Project Fund (64800) – Schedule 9 ..... 58

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – Capital Project Fund (70000) – Schedule 10 ..... 59

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – Capital Project Fund (88300) – Schedule 11 ..... 60

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – Capital Project Fund (89200) – Schedule 12 ..... 61

Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Budget and Actual – Capital Project Fund (93100) – Schedule 13 ..... 62

**TABLE OF CONTENTS – CONTINUED**

**OTHER SUPPLEMENTARY INFORMATION**

Combining Balance Sheet – General Fund ..... 63

Combining Statement of Revenues, Expenditures and Changes in  
Fund Balance – General Fund..... 64

Schedule of Multi-Year Capital Projects Funded by Special and Severance  
Tax Capital Outlay Appropriations from the State – Schedule 14 .....65-66

Supplemental Schedule of Interest in State General Fund  
Investment Pool – Schedule 15 ..... 67

**SINGLE AUDIT INFORMATION**

Schedule of Expenditures of Federal Awards – Schedule 16 ..... 68

Notes to Schedule of Expenditures of Federal Awards ..... 69

Independent Auditor’s Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards* .....70-71

Independent Auditor’s Report on Compliance for Each  
Major Federal Program and on Internal Control Over  
Compliance Required by OMB Circular A-133.....72-74

Summary of Audit Findings ..... 75

Summary of Audit Results ..... 76

Schedule of Findings and Questioned Costs.....77-88

Exit Conference..... 89

State of New Mexico  
Aging and Long-Term Services Department

**OFFICIAL ROSTER**

June 30, 2014

<b>Name</b>	<b>Title</b>
Gino Rinaldi	Cabinet Secretary
Myles Copeland	Deputy Cabinet Secretary
Jason Sanchez	Administrative Services Division Director
Carlos Moya	Consumer & Elder Rights Division Director
Kathleen Hart	APS Division Director
Lynne Anker-Unnever	Aging Network Division Director
Lynn Gallagher	General Counsel



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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of the State of New Mexico Aging and Long-Term Services Department (the Department) as of and for the year ended June 30, 2014, and the related notes to the financial statements, 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 non-major governmental funds and the budgetary comparison schedules for all non-major funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the general fund, 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 non-major governmental fund as of June 30, 2014, and the respective changes in the financial position and the budgetary comparisons of the non-major capital projects funds and the non-major special revenue fund for the year 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 budgetary comparison statements for the year ended June 30, 2014, referenced in the table of contents in conformity with the budgetary basis of accounting more fully described in Note B, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note B1, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, major funds and aggregate 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, 2014, and the changes in financial position and budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion has not been modified for this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America,



which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

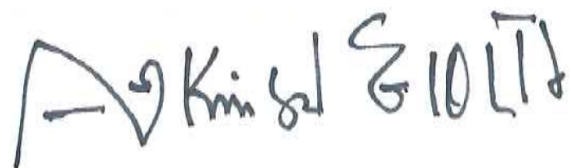
#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the combining general fund statements, schedule of multi-year capital projects funded by special and severance tax capital outlay appropriations from the state, and supplemental schedule of interest in state general fund investment pool, as required by the New Mexico Audit Rule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards, the combining general fund statements, schedule of multi-year capital projects funded by special and severance tax capital outlay appropriations from the state, and the supplemental schedule of interest in state general fund investment pool are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of multi-year capital projects funded by special and severance tax capital outlay appropriations from the state, and the supplemental schedule of interest in state general fund investment pool are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, 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* in considering the Department's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Atkinson & Co., Ltd.", with a stylized logo to the left consisting of a large 'A' and a checkmark-like shape.

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
December 12, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

June 30, 2014

**INTRODUCTION**

The State of New Mexico Aging and Long-Term Services Department (the Department) presents the following Management's Discussion and Analysis (MD&A) and is designed to introduce the basic financial statements, provides an analytical overview of the Department's financial activities, reports results of operations and identifies changes in financial position for the year ended June 30, 2014. The Department encourages readers to consider the information presented in the MD&A in conjunction with the basic financial statements and should not be taken as a replacement for the statements.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, an amendment to GASB Statements No. 21 and No. 34*, issued in June 2001; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001. Other elements of the reporting model are described below.

**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 the following:

**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 Position and the Statement of Activities. The Statement of Net Position presents current and long-term assets and liabilities and the difference between the two reported as net position. The Statement of Activities presents changes in net position as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

**Fund Financial Statements** – consist of a series of statements that 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, specific activities or objectives. Fund financial statements distinguish between governmental, proprietary and fiduciary funds, and report on each fund group separately. The Department has no proprietary or fiduciary funds to report. GASB Summary Statement No. 11 prescribes the flow of financial resources measurement focus for governmental fund financial statements – the operating results expressed using this measurement focus show the extent to which financial resources obtained during a period are sufficient to cover claims incurred during that period against financial resources. This measurement focus considers financial resources only and uses a modified basis of accounting.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2014

**Governmental Funds**

Governmental funds are used to account for the Department's services and governmental activities. The governmental fund financial statements focus on short-term inflows and outflows of current economic resources and balances of spendable resources available at year-end. Governmental funds are further segregated into general, major and other non-major governmental funds. Non-major funds are summarized into a single column on the financial statements. The Department may designate additional major funds as it deems appropriate.

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 account for appropriations and expenditures related to capital outlay projects for the state's senior centers.

**Budget Comparisons**

GASB 34 requires budgetary comparison schedules for the General Fund and each major special revenue fund that has a legally adopted an annual budget to be presented as required supplementary information (RSI). The budgetary comparison schedules should present the original budget, the final appropriated budges for the reporting period as well as actual inflows, outflows and balances, stated on the government's budgetary basis.

The Office of the State Auditor (the Office), as prescribed in 2.2.2 NMAC, February 28, 2014, requires that the Statement of Revenues and Expenditures (Budget and Actual) or the budgetary comparisons shall include the amount of fund balance on the budgetary basis required to balance the budget. In addition, the Office requires that the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds include intergovernmental revenue from federal sources and intergovernmental revenue from state sources, as applicable. 2.2.2 NMAC also requires that the differences between the budgetary basis and GAAP basis revenues and expenditures should be reconciled at the individual fund level.

**Notes to the Financial Statements**

The notes to the financial statements, supplementary information and other supplementary 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 (UNAUDITED) – CONTINUED**

June 30, 2014

**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. The Department's net position for the fiscal year ended June 30, 2014 was \$358,555 and reflects a marked increase over the previous year. Restricted net assets, including capital projects and special appropriations were \$321,063, a 54% increase over fiscal year 2013.

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

	<u>FY14</u>	<u>FY13 (As Restated)</u>	<u>Percent Change</u>
Current assets	\$ 8,818,275	\$ 5,906,733	49%
Non-current assets	47,156	81,723	-42%
Total assets	<u>8,865,431</u>	<u>5,988,456</u>	48%
Current liabilities	8,284,365	6,797,844	22%
Long-term liabilities	<u>222,511</u>	<u>237,558</u>	-6%
Total liabilities	<u>8,506,876</u>	<u>7,035,402</u>	21%
Net position			
Net investment in capital assets	47,156	81,723	-42%
Restricted	321,063	208,732	54%
Unrestricted (deficit)	<u>(9,664)</u>	<u>(1,337,401)</u>	-99%
Total net position (deficit)	<u>\$ 358,555</u>	<u>\$ (1,046,946)</u>	-134%

State of New Mexico  
Aging and Long-Term Services Department

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2014

**FINANCIAL ANALYSIS OF THE DEPARTMENT AS A WHOLE – CONTINUED**

Table A-2 summarizes the Department's change in net position for the fiscal year ending June 30, 2014. The Department's change in net position for the fiscal year ended June 30, 2014 was \$358,555 and increased by \$1,405,501 over the prior period primarily due to an increase in general fund appropriations and bond proceeds.

**Table A-2  
Statement of Activities**

	<b>FY14</b>	<b>FY13 (As Restated)</b>	<b>Percent Change</b>
Revenues			
Federal grants and contracts	\$ 11,898,395	\$ 13,677,905	-13%
Other	272,214	515,242	-47%
Total revenues	<u>12,170,609</u>	<u>14,193,147</u>	-14%
General revenues			
State general fund appropriations, net of reversion	44,588,433	42,208,771	6%
Transfers (to) from other state agencies	3,106,067	100,000	3006%
Bond proceeds appropriations	6,548,848	4,674,208	40%
Total general revenue	<u>54,243,348</u>	<u>46,982,979</u>	15%
Total revenues and general revenues	66,413,957	61,176,126	9%
Expenditures	<u>66,182,684</u>	<u>60,756,692</u>	9%
Change in net position	231,273	419,434	-45%
Net position (deficit), beginning, before restatement	(459,832)	(292,152)	57%
Prior period restatement	<u>587,114</u>	<u>-</u>	
Net position (deficit), beginning, after restatement	<u>127,282</u>	<u>(292,152)</u>	-144%
Net position, ending	<u>\$ 358,555</u>	<u>\$ 127,282</u>	182%

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2014

**BUDGETARY HIGHLIGHTS**

The Department's FY14 operating budget totaled \$60,626,425 from all funding sources, including a State General Fund appropriation of \$44,909,700, an increase of 5% over FY13. The increase is associated with an increase in General Fund, special appropriation and other miscellaneous revenue. The difference between the original budget and the final adjusted budget in General Fund revenue was the result of a decrease due to the union lawsuit settlement which created a back-pay liability contribution for the Department which totaled \$199,128 and was paid out in the current year from the Department's operating budget.

**CAPITAL ASSETS**

The Department's investment in capital assets, net of accumulated depreciation is \$47,156, a net decrease of \$45,776 or 50%. This investment in capital assets includes furniture and fixtures, data processing equipment, machinery and automobiles. There is no debt related to these capital assets and the Department has no infrastructure assets.

**FACTORS AFFECTING THE DEPARTMENT'S FUTURE**

The Department expects to experience further uncertainty in federal funding, as a result of the Congressional budget continuing resolution and sequestration rules and resulting in the tightening of available federal resources across the federal agencies that provide funding to the Department. The Department expects to continue to see slight increases in future general fund dollars to assist in maintaining the current funding levels for the Aging Network and Adult Protective Services and other program areas. The Department's goals remain focused on the need to protect seniors from hunger, abuse, neglect and exploitation.

Indicators point to continued increases in the needs of our clients due to the growth rate of the aging population and life expectancy. The over age 60 segment of the New Mexico population in 2015 is projected to be 484,868 and expected to increase to 575,267 by 2020, representing a 20% climb over the next five years. The rate of "baby boomers" turning 65 continues at the rate of 10,000 per day nationally and this demographic change will continue for another 15 years. Seniors over age 85 make up the fastest growing segment in the elder population.

Longevity, advocacy, prevention and veterans issues continue to directly affect our Department and constituents in the areas of healthcare, family caregiving, employment, abuse, neglect and hunger as the demands of our elder population place increasing strains on our social and economic infrastructure. Specifically, one in nine seniors over the age of 65 will be diagnosed with Alzheimer's over the next five years and one out of three over the age of 85 years old. As this disease affects more seniors, the reality is two-fold as we look at the increase in the caregiver population. There are two individuals that need support as family members take on the role of caregiver to the senior diagnosed with Alzheimer's. The family caregiver provides the in-home services needed to keep the loved-one at home longer and avoid institutionalization for as long as possible. As seniors live longer and healthier lives, employment is becoming a major factor in expanding programs that support well-seniors to stay engaged in community service such as mentoring in schools, assisting frail seniors and supporting grand-parenting programs.

State of New Mexico  
Aging and Long-Term Services Department

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) – CONTINUED**

June 30, 2014

**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  
P.O. Box 27118  
Santa Fe, New Mexico 87505-7118  
505-476-4799

State of New Mexico  
Aging and Long-Term Services Department

**STATEMENT OF NET POSITION**

June 30, 2014

	Governmental Activities
<b>CURRENT ASSETS</b>	
Interest in State General Fund Investment Pool	\$ 4,312,716
Receivables	
Other, net	249,093
Due from federal government	773,183
Due from other state agencies	3,483,283
Total current assets	8,818,275
<b>NON-CURRENT ASSETS</b>	
Capital assets	576,401
Accumulated depreciation	(529,245)
Total non-current assets	47,156
Total assets	\$ 8,865,431
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 6,092,787
Accrued payroll	382,039
Due to federal government	48,805
Due to other state agencies	154,226
Due to State General Fund Investment Pool	605,026
Due to State General Fund	428,775
Other liabilities	53,515
Current portion of compensated absences payable	519,192
Total current liabilities	8,284,365
<b>LONG-TERM LIABILITIES</b>	
Non-current portion of compensated absences payable	222,511
Total liabilities	8,506,876
<b>NET POSITION</b>	
Net investment in capital assets	47,156
Restricted for:	
Capital projects	230
Aging conference	320,833
Unrestricted (deficit)	(9,664)
Total net position (deficit)	358,555
Total liabilities and net position	\$ 8,865,431

The accompanying notes are an integral part of this financial statement.



State of New Mexico  
Aging and Long-Term Services Department

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2014

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Aging and Long-Term Services	\$ 66,182,684	\$ 272,214	\$ 11,898,395	\$ (54,012,075)
Total governmental activities	\$ 66,182,684	\$ 272,214	\$ 11,898,395	(54,012,075)
 GENERAL REVENUES				
State General Fund appropriation				45,060,100
State appropriations - capital outlay				6,548,848
Transfers from other state agencies - compensation package				122,900
Transfers from other state agencies - federal pass-through awards				2,983,167
Transfers to other state agencies				(471,667)
Total general revenues and transfers				54,243,348
Changes in net position				231,273
Net position (deficit), beginning, before restatement				(459,832)
Prior period restatement				587,114
Net position (deficit), beginning, after restatement				127,282
Net position, ending				\$ 358,555

The accompanying notes are an integral part of this financial statement.

State of New Mexico  
Aging and Long-Term Services Department

**BALANCE SHEET – GOVERNMENTAL FUNDS**

June 30, 2014

	General Fund	Other Governmental Funds	Total
<b>ASSETS</b>			
Interest in State General Fund Investment Pool	\$ 3,613,022	\$ 699,694	\$ 4,312,716
Receivables:			
Other, net	197,248	51,845	249,093
Due from federal government	773,183	-	773,183
Due from other state agencies	530,320	2,952,963	3,483,283
 Total assets	 \$ 5,113,773	 \$ 3,704,502	 \$ 8,818,275
<b>LIABILITIES</b>			
Accounts payable	\$ 3,889,171	\$ 2,203,616	\$ 6,092,787
Accrued payroll	378,348	3,691	382,039
Due to federal government	40,850	7,955	48,805
Due to other state agencies	152,140	2,086	154,226
Due to State General Fund Investment Pool	77,456	527,570	605,026
Due to State General Fund	84,361	344,414	428,775
Other liabilities	46,902	6,613	53,515
 Total liabilities	 4,669,228	 3,095,945	 7,765,173
<b>FUND BALANCES</b>			
Restricted	478,674	632,806	1,111,480
Unassigned (deficit)	(34,129)	(24,249)	(58,378)
 Total fund balances	 444,545	 608,557	 1,053,102
 Total liabilities and fund balances	 \$ 5,113,773	 \$ 3,704,502	 \$ 8,818,275

The accompanying notes are an integral part of this financial statement.

State of New Mexico  
Aging and Long-Term Services Department

**RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS**

Year Ended June 30, 2014

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 1,053,102
Amounts reported for governmental activities in the Statement of Net Position 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	576,401
Accumulated depreciation	<u>(529,245)</u>
Total capital assets	47,156
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>(741,703)</u>
Net position of governmental activities (Statement of Net Position)	<u>\$ 358,555</u>

The accompanying notes are an integral part of this financial statement.

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, 2014

	General Fund	Other Governmental Funds	Total
<b>REVENUES</b>			
Miscellaneous	\$ 14,777	\$ -	\$ 14,777
Fees and services	-	257,437	257,437
Federal grants and contracts	11,595,146	-	11,595,146
Other	303,249	-	303,249
<b>Total revenues</b>	<b>11,913,172</b>	<b>257,437</b>	<b>12,170,609</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
Personal service and employee benefits	15,142,462	67,039	15,209,501
In-state travel	116,305	2,648	118,953
Maintenance and repairs	300,985	-	300,985
Supplies	431,973	5,893	437,866
Contractual services	3,946,385	5,949	3,952,334
Operating costs	6,017,984	24,457	6,042,441
Other costs	33,596,397	6,475,947	40,072,344
Out-of-state travel	37,248	-	37,248
Capital outlay	26,603	-	26,603
<b>Total expenditures</b>	<b>59,616,342</b>	<b>6,581,933</b>	<b>66,198,275</b>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(47,703,170)</b>	<b>(6,324,496)</b>	<b>(54,027,666)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
State General Fund and special appropriations	45,060,100	-	45,060,100
Transfers - Reversions to State General Fund	(84,325)	(387,342)	(471,667)
Transfer of bond proceeds	-	7,135,962	7,135,962
Transfers from other state agencies - compensation package	122,900	-	122,900
Transfers from other state agencies - federal pass-through awards	2,983,167	-	2,983,167
<b>Net other financing sources</b>	<b>48,081,842</b>	<b>6,748,620</b>	<b>54,830,462</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>378,672</b>	<b>424,124</b>	<b>802,796</b>
<b>FUND BALANCES, June 30, 2013</b>	<b>65,873</b>	<b>184,433</b>	<b>250,306</b>
<b>FUND BALANCES, June 30, 2014</b>	<b>\$ 444,545</b>	<b>\$ 608,557</b>	<b>\$ 1,053,102</b>

The accompanying notes are an integral part of this financial statement.

State of New Mexico  
Aging and Long-Term Services Department

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**

Year Ended June 30, 2014

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$	802,796
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Amounts reported for governmental activities in the Statement of Activities are different because:

Amount of change in unearned revenue, recorded at the fund level in the prior year due to the constructive receipt of proceeds after September 1, 2014, recognized as revenue on the Statement of Activities in the current year. (See Note U.)		(587,114)
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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:		50,158
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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:

Capital outlay - capitalized		14,782
Capital outlay - small purchases		11,821
Depreciation expense		(60,558)
Other		(612)
		(612)

Change in net position of governmental activities (Statement of Activities)	\$	231,273
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The accompanying notes are an integral part of this financial statement.

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND - FUND 04900 - ALL APPROPRIATIONS  
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ 45,183,000	\$ 45,183,000	\$ 45,060,100	\$ (122,900)
Federal grants	10,530,800	12,231,935	11,595,146	(636,789)
Intra-state transfers	2,957,500	2,957,500	3,106,067	148,567
Other fees and services	129,000	154,000	288,040	134,040
Miscellaneous	-	-	14,777	14,777
	58,800,300	60,526,435	60,064,130	(462,305)
<b>EXPENDITURES:</b>				
Current:				
Personnel services and benefits	15,069,700	15,395,276	15,176,022	219,254
Contractual services	3,873,900	4,081,695	3,952,334	129,361
Other operating costs	39,781,700	40,974,464	40,609,090	365,374
Other financing uses	-	-	-	-
	58,725,300	60,451,435	59,737,446	713,989
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>	326,684	<b>\$ 251,684</b>
GAAP basis reconciliation				
Reversion to state general fund			(84,325)	
Net change in general fund balance (Fund 04900)			242,359	
Conference on Aging fund balance (Fund 62200)			136,313	
Total net change in general fund balance			<b>\$ 378,672</b>	

P-594 is comprised of two types of funds, the General Fund, which is reverting (04900) and the Conference on Aging, which is non-reverting (62200). Fund 04900 contains a reversion to the State General Fund in the amount of \$38,594. Fund 62200 is a special revenue fund that contains a net change in fund balance in the amount of \$136,313, which does not revert to the State General Fund.

The accompanying notes are an integral part of this financial statement.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2014

**NOTE A – 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 renamed it the State of New Mexico Aging and Long Term Services Department (ALTSD or the 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 B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Financial Reporting Entity

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 periodically updates its codification of the existing Governmental Accounting and Financial Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The Department is responsible for the fair presentation of the accompanying financial statements in conformity with generally accepted accounting principles. The Department has prepared required supplementary information titled Management's Discussion and Analysis (MD&A), which precedes the basic financial statements. The Department's significant accounting policies are described below.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

1. Financial Reporting Entity - Continued

The chief executive of the Department is the Secretary, who is appointed by the Governor of New Mexico and is a member of the Governor's Cabinet. The Department is part of the executive branch and these financial statements include all funds, account groups and activities over which the Department Secretary has oversight responsibility.

The Department is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, but would be included in a state-wide Comprehensive Annual Financial Report (CAFR). Even though the Department Secretary is appointed by the Governor, the Department Secretary has decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In accordance with the criteria set forth in GASB 39 and GASB 61 for determining component units, the Department does not have any component units.

2. 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 governmental activities. In the government-wide Statement of Net position, the governmental column reflects a full accrual, economic resources basis, which incorporates long-term assets as well as long-term debt and obligations.

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



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

2. Basic Financial Statements – Continued

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 position 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 position. 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.

3. 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.

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, expenditures related to compensated absences 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 Fund # 04900) is the general operating fund of the ALTSD and is 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. The General Fund is a reverting fund.

**Special Revenue Fund** - Special Revenue Fund (SHARE Fund # 62200) is utilized to account for those proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (non-reverting funds). SHARE fund # 62200 is used to account for the proceeds from the annual Conference on Aging.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

3. Basis of Presentation – Fund Accounting – Continued

**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 that are not owned by the Department for purchasing equipment and furnishings for these centers; and for purchasing new vehicles that are not owned by the Department to replace obsolete vehicles owned and used by the centers.

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus. Under the accrual basis, revenues are recorded when earned and expenses are recorded at the time liabilities or obligations are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include gross receipts taxes, grants and appropriations. On an accrual basis, revenue from gross receipts taxes is recognized in the fiscal year for which the taxes are collected. Revenue from appropriations is recognized in the fiscal year for which the taxes are collected. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. All significant interfund transactions have been eliminated. Deferred inflows and deferred outflows of resources are now included in the elements that make up a statement of financial position and GASB 63 introduced the term “net position” for reporting the residual of all elements in a statement of financial position.

Governmental fund types follow the modified accrual basis of accounting for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period (available meaning collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, typically 60 days). Expenditures, other than vacation, compensatory and with pay, are recorded when they are incurred.

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. In applying the “susceptible to accrual” concept to intergovernmental revenues pursuant to Governmental Accounting Standards Board Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*, the provider should recognize liabilities and expenses and the recipient should recognize receivables 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 inflows of resources by the recipient.

The exception to this general rule is principal and interest on general long-term debt, if any, is recognized when due.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

4. Measurement Focus and Basis of Accounting - Continued

The Department follows the Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which codifies preexisting authoritative guidance from all sources into GASB standards and edits such standards for the government environment as appropriate. It further eliminates the election for proprietary fund and business type reporting entities to apply certain Financial Accounting Standards guidance after November 30, 1989.

The Department follows the Governmental Accounting Standard Board Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). GASB 63 introduced a fundamental change to the reporting of elements that make up a statement of financial position.

Deferred outflows of resources and deferred inflows of resources are available as they are now included in the elements that make up a statement of financial net position and GASB 63 introduced the term net position for reporting the residual of all elements in a statement of financial net position. The statement of financial net position of the Department conforms to the presentation requirements of GASB 63.

The Department implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65) that changes the classification of various financial statement balances including several more common type transactions for presentation as assets and liabilities to deferred outflows and inflows of resources. Any unearned revenue for federal or state grants whereas eligibility requirements have not been met are classified as deferred inflows of resources beginning this year under this standard. There were no unearned revenues as of the year ended June 30, 2014. There were no deferred inflows or outflows of resources to separately report at June 30, 2014.

During 2014, the Department engages in federal grant agreement programs commonly referred to as “reimbursement type” programs. These programs require that the recipient (the Department) must incur allowable costs as defined by the agreement types in order to draw down funds against the particular project. This is the principal eligibility requirement for the recognition of the revenue. Upon incurring an allowable cost, the Department simultaneously recognizes a receivable and revenue in the amount of the expenditures incurred. All other eligibility requirements or grants, as applicable, must also be satisfied.

Revenues are recognized as follows:

- a.) Federal and other grants revenues are recognized when the applicable eligibility criteria, including time requirements, are met and the resources are available. Resources received for which applicable eligibility criteria have not been met are reflected as unearned revenues in the accompanying financial statements.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

4. Measurement Focus and Basis of Accounting - Continued

- b.) Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. Contributions and other monies held by other state and local agencies are recorded as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.

Expenditures are recorded as liabilities when incurred. An exception to this general rule is that accumulated unpaid annual, compensatory and certain sick leave are not accrued as current liabilities but as non-current liabilities. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources.

5. Interest in State General Fund Investment Pool

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

6. Federal Grants Receivable

Various reimbursement procedures are used for federal awards received by ALTSD. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year-end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Generally, receivable balances caused by differences in the timing of cash reimbursements and expenditures will be reversed or returned to the grantor in the remaining grant period.

Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. As a result of this and other issues, management provides an allowance for potential contractual allowances for federal revenue. Any changes in these estimates are recorded in the period that the estimate is changed. During fiscal year 2014, there were no estimated allowable costs allowed for or charged to any federal grants.

7. 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 position 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

7. Capital Assets - Continued

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

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

8. Accrued Compensated Absences

The Department's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits.

Qualified employees accumulate maximum annual leave as follows:

Years of Service	Hours Earned Per Pay Period	Days of Maximum Accrual
Up to 3 years	3.08	30
Over 3 – 7 years	3.69	30
Over 7 – 11 years	4.61	30
Over 11-15 years	5.54	30
Over 15 years	6.15	30

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to the above maximums.

*Accrued Sick Leave.* Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 up to 120 hours, on July 1 and January 1 of each year. However, the sick leave will be paid at 50% of the employee's regular hourly wage.

At retirement, employees may receive 50% payment for up to 400 hours for the hours over 600 of accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2014, over 600. Expenditures for accumulated sick pay for hours under 600 will be recognized as employees take such absences.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

9. Fund Balances and Net Position

*Reservations and Designations.* In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation.

The Department's fund balances represent: 1) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned Purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. The fund balances of the Agency for the current year are represented only as Restricted and Unrestricted. A summary of the nature and purpose of these reserves by fund type at June 30, 2014, follows:

*Spendable – Restricted.* This reserve consists of liquid assets (generated from fee revenues and bond proceeds), which have third-party (statutory or granting agency) limitation on their use.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, restricted fund balance must be spent first. When expenditures are incurred for purposes for which amounts in any of unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

*Net Position.* The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

*Net Investment in Capital Assets* – is intended to reflect the portion of net position 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 Position* – are liquid assets (generated from fee revenues and bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitations on their use. Such restrictions are legally enforceable.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

9. Fund Balances and Net Position – Continued

*Unrestricted Net Position* – 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 position are available.

10. Unearned Revenue

Unearned revenue represents a liability for the Governmental Funds. Unearned revenue is used to account for (1) amounts received from federal grants in advance of expenditures occurring, whereas certain eligibility requirements (other than time) have not yet been met or (2) amounts identified as accounts receivable that have not been received within 60 days of the end of the fiscal year, and are accounted for on the modified accrual basis in the fund financial statements.

11. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheets of the fund financial statements. Internal activity is eliminated at the government-wide statement of activities.

12. 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).

13. Due to State General Fund (Reversions)

Reversions to the State General Fund by the Department are based on the definitions of both reverting and non-reverting funds. Reversions are calculated by applying the percentage of reverting fund (to total budget for the category) to the amount unexpended for the category at fiscal year-end.

Unexpended and unencumbered balances are generally reverted to the State General Fund. Annual appropriations state 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

14. Reverting Funds

Reverting funds are all funds that are not identified by law as non-reverting.

15. Non-Reverting Funds

All funds which are either appropriated to or earned by the Department, and by law or statute are not required to be reverted to the State Treasury upon completion of a fiscal period or project, are non-reverting funds.

- i) Non-General Fund sources must be reverted to the State General Fund upon completion of the Project. (Section 6-5-10 NMSA 1978)
- ii) Grant funds from any governmental source, such as federal or state, direct or indirect, do not revert to the State General Fund unless specifically identified in the grant contract or appropriation law. Instead, any overdrawn grant funds must be reverted to the granting agency.

Unexpended and unencumbered cash balances of certain funds revert to the State General Fund at year-end. For certain funds, cash recoveries during the fiscal year from stale dated warrants and prior year reimbursements are also due to the State General Fund. Amounts due to the State General Fund for the year ending June 30, 2014 should be paid on or before September 30, 2014. Reversions are not budgeted for.

16. 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 capital projects funds are multi-year appropriations that do not lapse at year-end and have not been budgeted for on an annual basis.

Appropriation periods are sometimes for periods in excess of twelve months (multiple-year appropriations). When multiple-year appropriation periods lapse, the authority for the budget also lapses and encumbrances can no longer be charged to that budget. The legal level of budgetary control should be disclosed in the notes to financial statements. Legal budgetary control for expenditures and encumbrances is by category of the appropriation unit.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

16. Budgetary Data – Continued

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

- a. 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.
- b. 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.).
- c. 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.
- d. 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 2014 shall revert to the [state] general fund by September 30, 2014, unless otherwise indicated in the General Appropriations Act of 2004 or otherwise provided by law.”

- e. 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) 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. In addition, these funds are budgeted by program code and a reconciliation of fund financial statements to the budgetary comparison schedules is presented.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

17. Revenues, Expenditures and Expenses

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Expenditures are recognized when the related fund liability is incurred, except for the following permitted by accounting principles generally accepted in the United States of America:

Prepaid items and inventory costs are reported in the period when inventory items are consumed, rather than in the period purchased.

When an expense is incurred that meets the requirements of both restricted and unrestricted resources, the Department will first apply it to available restricted net position.

18. Program Revenues

Program revenues are revenues that originate from the program or from parties other than the government's taxpayers or citizens as a whole, and reduce the expenses of the function that has to be financed by general revenues. Revenues of this type can originate from a governmental source, but the proceeds are a charge for services or products produced by a government agency, where that agency is considered a vendor within the market place. Additionally, program revenues are fees charged by the government agency that are used to support a specific operation of that governmental unit.

19. Severance Tax Bond Proceeds

Severance tax bond proceeds were allocated by the State Legislature to the agency to administer disbursements to the project recipients, and the Department is not obligated in any manner for the related indebtedness. The Department recognizes severance tax bond proceeds as revenue when draw requests are issued for reimbursement from severance tax bond proceeds of project expenditures made by the Department. The capital assets associated with the project funded by the severance tax bonds are excluded from the Department's capital assets list; upon project completion, the Department does not retain titles to these assets, but rather passes them through to the beneficiaries (other New Mexico State agencies and local governments) of these projects.

20. Cost Allocation

The Department does not employ indirect cost allocation in the financial statements.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

21. Use of Estimates in Preparing Financial Statements

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 C – STATE GENERAL FUND INVESTMENT POOL NOT RECONCILED**

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

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller/Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

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

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

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE C – STATE GENERAL FUND INVESTMENT POOL NOT RECONCILED – CONTINUED**

ALTSD, as a department, mitigates the risk of the lack of the General Fund Investment Pool reconciliation by completing an array of validation tasks on a periodic basis. The agency focuses on several areas of risk: deposits, allotments, payroll, warrant cancellations and accounts payable transactions.

The validation tasks begin with the reconciliation of receipts of cash, checks and Automated Clearing House (ACH) transactions. The process for checks is a combination of a manual hand receipt, two-copies of each check and the bank deposit slips. Cash and checks are deposited at the bank within twenty-four hours of receipt and accounted for using the hand receipt, the control sheet listing receipt numbers and two copies of each check. The amounts are processed into SHARE and all supporting documents are attached and filed.

Cash payments from the federal government are received as ACH transactions when requested by the department. After the ACH transaction is verified on the State Treasurer bank query, the amount is deposited into SHARE and supporting documentation is attached. On a monthly basis, the deposits query is used to validate the information on the SHARE deposit worksheets, the federal grant payment reports and SHARE. DFA General Fund allotments are verified immediately upon receipt, by comparing the operating transfer documents from DFA and the SHARE ledger reports.

Each of these transactions are aggregated and reviewed monthly through the budget projection review process. The budget projection review process includes both program and fiscal staff. The General Fund Investment Pool reconciliation transactions are translated into revenue which is included in the budget review process. Comparisons are made to yearly projected revenue targets and compared to projected expenditure levels. Any identified discrepancies are researched and the necessary actions are taken.

Payroll is validated at the end of each pay period using data provided by DFA Central Payroll and general ledger payroll journals. The information is sorted and verified to ensure costs are in balance and have been applied to the correct account and cost center. Third-party payments are validated by comparing the amounts generated in SHARE-HCM to the amounts and accounts posted in SHARE-Financials. The payments generated by DFA to the third party vendors are reviewed to ensure they match the amounts posted in the general ledger.

Upon determination that an issued warrant requires cancellation, the warrant's redemption status is immediately verified through the State Treasurer. The appropriate notice for the warrant's cancellation is processed as either a stop payment request or a notice requesting reimbursement of funds. The Outstanding Warrants query is used on a periodic basis to validate the existence of warrants that have not been redeemed. Warrants that appear on the query beyond a specified period of time are researched by contacting the payee and resolved by having the payee redeem the warrant or request reimbursement.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE C – STATE GENERAL FUND INVESTMENT POOL NOT RECONCILED – CONTINUED**

Accounts payable transactions are validated using the general ledger AP queries and a manual warrant request control sheet. As payment vouchers are posted by DFA, AP personnel match the vouchers to the warrants on the control sheet. The same process is applied to the DFA ACH notification documents. Prior to mailing, warrants are verified to ensure amounts, vendor information and accounts are accurate.

Finally, the cash account balances beginning with 1019XX are periodically reconciled to SHARE transactions using the most current trial balance. Current and prior-year assets, liabilities, and current year revenues and expenditures are reviewed for transactions that affect cash. The transactions are then added or deducted, as applicable, to the beginning cash balance at July 1st of the current fiscal year to determine the period ending cash balance. During the year-end cash reconciliation, any current year liabilities that will be paid in the next fiscal year are identified and confirmed as having been recorded as current year expenditures are added back-in. Lastly, any differences that result from the calculations listed above are researched and adjusted, as needed.

**NOTE D – INTEREST IN STATE TREASURER GENERAL FUND INVESTMENT POOL**

Investment balances at June 30, 2014, consisted of the following:

Deposits with State Treasurer - governmental activities	\$ 4,312,716
Due to State Treasurer General Fund Investment Pool	<u>(605,026)</u>
	<u>\$ 3,707,690</u>

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

Credit Risk – The New Mexico State Treasurer pools are not rated.

For a detailed listing of all agency bank accounts and State Treasurer SHARE accounts, see the schedule referred to above on page 65.

Detail of pledged collateral specific to this agency is unavailable because the bank comingles pledged collateral for all state funds it holds. However, the State Treasurer’s Office Collateral Bureau monitors pledged collateral for all state funds held by state agencies in such “authorized” bank accounts.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer’s Office for the fiscal year ended June 30, 2014.

State of New Mexico  
Aging and Long-Term Services Department

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE E – DUE TO AND DUE FROM OTHER FUNDS**

Due to and due from other funds represent interfund receivables and payables arising from interdepartmental transactions related to administrative costs allocated and are expected to be repaid within one year. These amounts have been eliminated on the government wide statements. There were not any due to and due from other fund balances within the funds during fiscal year 2014.

**NOTE F – DUE FROM AND DUE TO OTHER STATE AGENCIES**

Transactions that occur among state agencies under legislative mandate, exchange transactions and other situations are accounted for in the financial statements which make up the due from other state agencies. The due from and due to other State agencies balances at June 30, 2014 consist of the following:

**Due from Other State Agencies**

Transfer FUND	Transfer DEPT.	DUE FROM	Receiving Fund	Amount
6700	69000	NM CYFD	4900	\$ 530,320
			Total General Fund	\$ 530,320
5400	34100	DFA/SBOF Capital Projects	64800	\$ 27,124
5400	34100	DFA/SBOF Capital Projects	88300	3,180
5400	34100	DFA/SBOF Capital Projects	05300	1,398,777
5400	34100	DFA/SBOF Capital Projects	89200	1,523,882
			Total Capital Projects Funds	\$ 2,952,963

**Due to Other State Agencies**

Transfer FUND	Transfer DEPT.	DUE FROM	Receiving Fund	Amount
04900	63000	NM Human Services Dept.	05200	\$ 152,140
			Total General Fund	\$ 152,140
64800	34100	DFA/SBOF Capital Projects	64800	\$ 217
59500	34100	DFA/SBOF Capital Projects	02700	45
95300	63000	NM Human Services Dept.	05200	1,824
			Total Capital Projects Funds	\$ 2,086

State of New Mexico  
Aging and Long-Term Services Department

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE G – CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital Assets					
Data processing equipment	\$ 442,824	\$ 14,782	\$ -	\$ -	\$ 457,606
Furniture and fixtures	74,221	-	-	-	74,221
Equipment and machinery	44,574	-	-	-	44,574
	<u>561,619</u>	<u>14,782</u>	<u>-</u>	<u>-</u>	<u>576,401</u>
Accumulated Depreciation					
Data processing equipment	(351,870)	(58,580)	-	-	(410,450)
Furniture and fixtures	(74,221)	-	-	-	(74,221)
Equipment and machinery	(42,596)	(1,978)	-	-	(44,574)
	<u>(468,687)</u>	<u>(60,558)</u>	<u>-</u>	<u>-</u>	<u>(529,245)</u>
Totals	<u>\$ 92,932</u>	<u>\$ (45,776)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,156</u>

Current year depreciation expense of \$60,558 was allocated entirely to the Aging and Long Term Services function in the government-wide statement of activities.

**NOTE H – COMPENSATED ABSENCES**

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

	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014	Amount Due Within One Year
Compensated absences payable	\$ 791,861	\$ 845,411	\$ (895,569)	\$ -	\$ 741,703	\$ 519,192

The Department's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits.

State of New Mexico  
Aging and Long-Term Services Department

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE H – COMPENSATED ABSENCES – CONTINUED**

Qualified employees accumulate maximum annual leave as follows:

Years of Service	Hours Earned Per Pay Period	Days of Maximum Accrual
Up to 3 years	3.08	30
Up to 3 years	3.08	30
Over 3 – 7 years	3.69	30
Over 7 – 11 years	4.61	30
Over 11-15 years	5.54	30
Over 15 years	6.15	30

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to the above maximums.

*Accrued Sick Leave.* Employees who have over 600 hours of accumulated sick leave can receive payment for the hours over 600 up to 120 hours, on July 1 and January 1 of each year. However, the sick leave will be paid at 50% of the employee's regular hourly wage.

At retirement, employees may receive 50% payment for up to 400 hours for the hours over 600 of accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2014, over 600. Expenditures for accumulated sick pay for hours under 600 will be recognized as employees take such absences.

**NOTE I – OPERATING LEASES**

The ALTSD leases office space in Albuquerque and Las Cruces for the direct service programs. The ALTSD also leases several copy machines on a year-to-year basis that are 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 years ended June 30, 2014 was \$1,004,720.

**NOTE J – 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 – CONTINUED**

June 30, 2014

**NOTE K – TRANSFERS – REVERSIONS 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, 2014. The current year reversion and amounts due to the State General Fund are computed as follows:

General Fund:

2014 fiscal year reversion	\$	84,325
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Capital Projects

Laws of 2010, Fund 05300		205,819
Laws of 2007, Fund 89200		7,968
Laws of 2008, Fund 89200		111,084
Laws of 2009, Fund 89200		1,455
Laws of 2010, Fund 89200		<u>61,016</u>
	\$	<u>471,667</u>

**NOTE L – INTER-AGENCY TRANSFERS**

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

<b>Transfers In</b>			
<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Description</u>
85300	04900	\$ 44,885,100	Appropriation Allotment
06700	04900	2,383,167	Transfer to ALTSD for Title XX (CYFD)
05200	04900	600,000	Transfer to ALTSD for Title XX (HSD)
85300	04900	175,000	Spec Approp Z40561
85300	04900	<u>122,900</u>	General Fund Compensation Distribution
Total General Fund Transfers In		<u>\$ 48,166,167</u>	
11310	05300	\$ 3,344,376	GOB Series 2012
10590	64800	127,670	GOB Series 2009
10590	70000	(1,049)	Severance Tax Bonds
58800	88300	3,180	General Fund Bonds
10590	89200	<u>3,661,785</u>	Severance Tax Bonds
Total Other Transfers In (Out)		<u>\$ 7,135,962</u>	

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE M – SCHEDULE OF CAPITAL OUTLAY APPROPRIATIONS**

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.

**NOTE N – 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](http://www.pera.state.nm.us).

**Funding Policy.** Plan members are required to contribute 8.92% of their gross salary. The Department is required to contribute 15.09% 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, 2014, 2013, and 2012 were \$1,712,696, \$1,476,315, and \$1,294,125, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE O – 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE O – POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN –  
CONTINUED**

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the 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](http://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. During the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.50% of each participating employee's annual salary; each participating employee was required to contribute 1.25% of their salary. In the fiscal year ending June 30, 2015, the contribution rates for employees and employers will decrease as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 15	2.000%	1.000%

Also, employers joining the program after January 1, 1998 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE O – POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN –  
CONTINUED**

The Department's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$206,825, \$195,922, and \$185,351, respectively, which equal the required contributions for each year.

**NOTE P – 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.

**NOTE Q – FUND BALANCE DEFICIT**

SHARE  
FUND #      FUND DEFICIT EXPLANATION

27000: Fund 27000 is in a deficit fund balance of \$34,129 as of June 30, 2014. The fund was a reverting fund used as a general operating fund to account for financial resources except those required to be accounted for in another fund. The primary activities accounted for in this fund were revenues and expenditures supported by the Adult Protective Services Program. Use of the fund ended on June 30, 2010 and subsequent account activity was moved to Fund 04900. The account balances remaining in the fund require reconciliation and DFA approval for any future action.

95300: Fund 95300 is in a deficit fund balance of \$24,249 as of June 30, 2014. The fund was a special revenue fund used to account for activities of the Elder Rights and Health Advocacy Program and the Aging Network Program. Use of the fund ended on June 30, 2010 and subsequent account activity was moved to Fund 04900. The account balances remaining in the fund require reconciliation and DFA approval for any future action.

70000: Fund 70000 is in a deficit fund balance of \$1,049 as of June 30, 2014. The fund was a capital outlay fund financed through severance tax bonds and ended June 30, 2014. A reconciliation of expenditures to revenues was completed and a Due to State Treasurer's Office was the result in the amount of \$1,049.

State of New Mexico  
Aging and Long-Term Services Department

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE R – SPECIAL APPROPRIATIONS**

The Department received a special appropriation, Laws of 2013, Ch. 227, Section 5 of \$100,000 for the period of May 2013 to June 2014 for a health promotion initiative for seniors to enhance fitness and manage chronic diseases. The Department received a special appropriation, Laws of 2014, Ch. 63, Section 5 of \$175,000 for the period of April 2014 – June 2015 for a health promotion initiative for seniors to enhance fitness and manage chronic diseases. A summary of the special appropriations is as follows:

<u>Fund</u>	<u>Department</u>	<u>Period</u>	<u>Appropriation Amount</u>	<u>Cumulative Expenditures June 30, 2014</u>	<u>2014 Reversion Amount</u>	<u>Balance as of June 30, 2014</u>
049	Z40561	May 2014 to June 2015	\$ 175,000	\$ -	\$ -	\$ 175,000
049	Z30551	May 2013 to June 2014	100,000	100,000	-	-
Total			<u>\$ 275,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>

**NOTE S – JOINT POWERS AGREEMENT DISCLOSURE**

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

DATE	JOINT POWERS AGREEMENT	INITIATOR	CONTRACTOR NAME	CONT/AMEND AMT	TOTAL AMT	ALTS AMT	EFFECTIVE	EXPIRES	PURPOSE/COMMENTS
11/25/03	03-630-0976	HSD	NM Aging & Long-Term Services Depart.			ALTS shall bill HSD monthly for Medicaid matching funds.	02/19/04	Article VII	To designate the administrative, fiscal & programmatic responsibility for long-term care <b>ombudsman</b> services provided to Medicaid recipients.
05/27/03	03-630-73	HSD	NM Aging & Long-Term Services Depart.			ALTS shall bill HSD monthly for Medicaid matching funds.	05/01/03	Article IX	To obtain services from ALTS in order to match state funds appropriated to ALTS with federal <b>Medicaid</b> funds approved under the Medical Assistance Div. (MAD) state plan of HSD.
01/27/04	04-630-11	HSD	NM Aging & Long-Term Services Depart.			ALTS shall submit to HSD monthly an invoice for costs incurred for intake, referral and assistance services.	01/01/04	Article IX	To designate the programmatic responsibility for ALTS of appropriate intake, referral & assistance services for <b>Medicaid recipients</b> , to facilitate the receipt of necessary <b>long-term care services</b> .
07/23/04	05-630-8000-0007	HSD	NM Aging & Long-Term Services Depart.	\$1,500,000		Amount payable by HSD to ALTS for each 12 consecutive month period of agreement.	08/13/04	Section 8	To designate to ALTS the administrative & programmatic responsibility for the Medicaid programs including the <b>Disabled &amp; Elderly (D&amp;E) Waiver</b> , the <b>Personal Care Option (PCO) program</b> & the <b>Program for All-inclusive Care for the Elderly (PACE)</b> .

State of New Mexico  
Aging and Long-Term Services Department

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE S – JOINT POWERS AGREEMENT DISCLOSURE**

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

DATE	JOINT POWERS AGREEMENT	INITIATOR	CONTRACTOR NAME	CONT/AMEND AMT	TOTAL AMT	ALTS AMT	EFFECTIVE	EXPIRES	PURPOSE/COMMENTS
06/30/09	05-630-8000-0007 A2	HSD	NM Aging & Long-Term Services Depart.	\$2,190,000		Amount payable by HSD to ALTSD for each 12 consecutive month period of agreement.	07/21/09	Section 8	To designate to ALTSD the administrative & programmatic responsibility for the Medicaid programs including, <b>but not limited to</b> , the Disabled & Elderly (D&E) Waiver, the Personal Care Option (PCO) program, the Program for All-inclusive Care for the Elderly (PACE), & <b>certain programs</b> related to HSD's Center for Health Care Strategies grant. Amended for new amount. 6/30/09 legal & sec.bk.to HSD
09/12/05	06-624-5000-0117	ALTSD	NM Human Services Department	\$2,000,000		Amount payable by ALTSD to HSD for each 12 consecutive month period of agreement.	09/16/05	Section 8	<b>TBI</b> -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.
05/16/06	06-624-5000-0173	ALTSD	DOH, HSD, PED, CYFD	\$20,000		Each department shall provide \$20,000 annually.	05/19/06	Section 6	To establish, implement & fund the Governor's Office of <b>Faith-Based &amp; Community Initiatives</b> (OFBCI).
07/06/06	07-624-5000-0004	ALTSD	DOH and HSD		\$350,000,000	Total amount available shall not exceed \$350,000,000 for period of agreement.	08/24/06	Termination 45 days notice.	<b>MI VIA</b> -To delegate responsibilities & oversight of New Mexico's MI VIA Program, a self-directed waiver program for eligible New Mexico participants.
01/03/11	11-624-3000-0029	ALTSD	NM Children, Youth, and Families Department	\$12,757,100	\$12,757,100	ALTSD shall provide CYFD with information to support the transfer of federal funds to ALTSD for adult protective services.	07/01/10	06/30/14	To set forth the continuing terms for cooperation between ALTSD and CYFD relating to the transfer of AP Services initiated in 2005; to identify the administrative, financial, programmatic & support responsibilities of ALTSD & CYFD for term of this JPA.
01/13/04	For the Investigation of Fraud by Medicaid Providers	Attorney General Office	HSD, DOH, CYFD, ALTSD				01/27/04	Until Amended	To coordinate efforts in investigation of suspected fraud upon the Medicaid program by any provider.
02/24/04	For Joint Investigation of Health Facilities		DOH, CYFD, HSD, ALTSD				02/24/04	Mandated by Sec. 24-1-5(L)NMSA 1978	To ensure maximum coordination in the management of allegations of abuse, neglect & exploitation of persons in health facilities in New Mexico, this improving their quality of life.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2014

**NOTE T – NEW ACCOUNTING STANDARDS**

*GASB 68*

Governmental Accounting Standard Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) revises existing guidance for governments that provide their employees with pension benefits. A principal change is the requirement to record a government's pro rata share of unfunded actuarial accrued liability (UAAL) on its financial statements for multiemployer cost sharing plan. The Department is a participating member of the Public Employees Retirement Association (PERA), a multiemployer cost sharing plan. Information to implement this standard will be developed by PERA and the State of New Mexico. The implementation date for GASB 68 is fiscal year 2015. The current status of the unfunded liability for PERA is \$4.62 billion based on the most recently issued audited financial statement at June 30, 2013. Legislation was passed in the last year changing PERA's plan benefits design and contribution requirements to fully fund UAAL within 30 years. The FY15 financial statements for the Department will contain a material liability for pension participation.

*GASB 69*

This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term "government combinations" includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. GASB 69 is effective for FY 2015. The Department has evaluated GASB 69 and does not believe that it will have an impact on its financial statements.

*GASB 71*

This standard revises existing guidance for a government employer to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of GASB 71 are required to be applied simultaneously with the provisions of GASB 68. (See above.) At this time management is unable to estimate the magnitude of application of this standard to the Department.

**NOTE U – PRIOR PERIOD RESTATEMENT – STATEMENT OF ACTIVITIES**

Prior period restatement – A restatement was made in the amount of \$587,114 to beginning net position on the government-wide Statement of Activities only due to the constructive receipt of capital outlay bond proceeds after September 1, 2014 properly recorded as revenue on the Statement of Revenues, Expenditures, and Changes in Fund Balance under the modified accrual basis of accounting. Revenue should have been recognized as earned revenue as of June 30, 2013 on the Statement of Net Position under the full accrual basis of accounting. The net effect of prior period restatement to total beginning net position on the governmental funds balance sheet is \$0 as of June 30, 2014.

**SUPPLEMENTARY INFORMATION**



State of New Mexico  
Aging and Long-Term Services Department

**FUND DESCRIPTIONS**

June 30, 2014

**SPECIAL REVENUE AND CAPITAL PROJECT FUNDS/PROGRAMS**

**SHARE  
FUND #**

**DEPARTMENTS/PROGRAMS DESCRIPTION**

62200	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	The Special projects fund was originally used to account for activities of the Elder Rights and Health Advocacy Program and the Aging Network Program. Use of the fund ended on June 30, 2010 and subsequent account activity was moved to Fund 04900. The account balances remaining in the fund require reconciliation and DFA approval for any future action.
05300, 38600, 59500, 64800, 70000, 89200, 93100	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 that are not owned by the Department; for purchasing equipment and furnishings for these centers; and for purchasing new vehicles to replace obsolete vehicles owned and used by the centers.

State of New Mexico  
Aging and Long-Term Services Department

**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2014

	62200 Conference on Aging	95300 Special Projects	05300 Capital Projects	38600 Capital Projects Laws 2007	59500 Capital Projects Laws 1998
<b>ASSETS</b>					
Interest in State General Fund Investment Pool	\$ 324,935 *	\$ -	\$ -	\$ -	\$ 344,459
Receivables:					
Other	-	9,704	141	-	-
Due from federal government	-	-	-	-	-
Due from other state agencies	-	-	1,398,777	-	-
Due from other funds	-	-	-	-	-
Prepays	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 324,935</u>	<u>\$ 9,704</u>	<u>\$ 1,398,918</u>	<u>\$ -</u>	<u>\$ 344,459</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 411	\$ -	\$ 1,133,551	\$ -	\$ -
Accrued payroll	3,691	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to federal government	-	7,955	-	-	-
Due to other state agencies	-	1,824	-	-	45
Due to State General Fund Investment Pool	-	17,561	240,536	-	-
Due to other funds	-	-	-	-	-
Due to state general fund	-	-	-	-	344,414
Due to local governments	-	-	-	-	-
Other liabilities	-	6,613	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	4,102	33,953	1,374,087	-	344,459
<b>FUND BALANCES:</b>					
Fund balances					
Restricted	320,833	-	24,831	-	-
Unassigned (deficit)	<u>-</u>	<u>(24,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>320,833</u>	<u>(24,249)</u>	<u>24,831</u>	<u>-</u>	<u>-</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 324,935</u>	<u>\$ 9,704</u>	<u>\$ 1,398,918</u>	<u>\$ -</u>	<u>\$ 344,459</u>

\* Includes \$700 of petty cash not held with the Office of the State Treasurer.

State of New Mexico  
Aging and Long-Term Services Department

**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS – CONTINUED**

June 30, 2014

	64800 Capital Projects Laws 2004	70000 Capital Projects Laws 2003	88300 Capital Projects	89200 Capital Projects	93100 Capital Projects
<b>ASSETS</b>					
Interest in State General Fund Investment Pool	\$ 6,070	\$ -	\$ -	\$ -	\$ 24,230
Receivables:					
Other	-	-	-	42,000	-
Due from federal government					
Due from other state agencies	27,124	-	3,180	1,523,882	-
Due from other funds	-	-	-	-	-
Prepays	-	-	-	-	-
Total assets	\$ 33,194	\$ -	\$ 3,180	\$ 1,565,882	\$ 24,230
<b>LIABILITIES</b>					
Accounts payable	\$ 27,124	\$ -	\$ -	\$ 1,018,530	\$ 24,000
Accrued payroll	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to federal government	-	-	-	-	-
Due to other state agencies	217	-	-	-	-
Due to State General Fund Investment Pool	-	1,049	3,180	265,244	-
Due to other funds	-	-	-	-	-
Due to state general fund	-	-	-	-	-
Due to local governments	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	27,341	1,049	3,180	1,283,774	24,000
<b>FUND BALANCES:</b>					
Fund balances					
Restricted	5,853	(1,049)	-	282,108	230
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	5,853	(1,049)	-	282,108	230
Total liabilities and fund balances	\$ 33,194	\$ -	\$ 3,180	\$ 1,565,882	\$ 24,230

State of New Mexico  
Aging and Long-Term Services Department

**COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS – CONTINUED**

June 30, 2014

	95400 Capital Projects House Bill 2	96200 Capital Projects Laws 2006	96500 Capital Projects Laws 2006	Total Non-Major Funds
<b>ASSETS</b>				
Interest in State General Fund Investment Pool	\$ -	\$ -	\$ -	\$ 699,694
Receivables:				
Other	-	-	-	51,845
Due from federal government	-	-	-	-
Due from other state agencies	-	-	-	2,952,963
Due from other funds	-	-	-	-
Prepays	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,704,502</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,203,616
Accrued payroll	-	-	-	3,691
Unearned revenue	-	-	-	-
Due to federal government	-	-	-	7,955
Due to other state agencies	-	-	-	2,086
Due to State General Fund Investment Pool	-	-	-	527,570
Due to other funds	-	-	-	-
Due to state general fund	-	-	-	344,414
Due to local governments	-	-	-	-
Other liabilities	-	-	-	6,613
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,613</u>
Total liabilities	-	-	-	3,095,945
<b>FUND BALANCES:</b>				
Fund balances				
Restricted	-	-	-	632,806
Unassigned (deficit)	-	-	-	(24,249)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,249)</u>
Total fund balances	-	-	-	608,557
	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,557</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,704,502</u>

State of New Mexico  
Aging and Long-Term Services Department

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2014

	62200 Conference on Aging	95300 Special Projects	05300 Capital Projects	38600 Capital Projects Laws 2007	59500 Capital Projects Laws 2004
<b>REVENUES</b>					
Fees and services	\$ 257,437	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-	-
<b>Total revenues</b>	<b>257,437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>					
Current					
Personnel services and employee benefits	67,039	-	-	-	-
In-state travel	2,648	-	-	-	-
Supplies	5,893	-	-	-	-
Operating costs	24,457	-	-	-	-
Contractual costs	5,949	-	-	-	-
Other costs	15,070	-	3,319,545	-	-
<b>Total expenditures</b>	<b>121,056</b>	<b>-</b>	<b>3,319,545</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>136,381</b>	<b>-</b>	<b>(3,319,545)</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
State general fund appropriations	-	-	-	-	-
Reversions	-	-	-	-	-
Bond proceeds	-	-	3,344,376	-	-
Transfers to local governments	-	-	-	-	-
Operating transfers in/out	-	-	-	-	-
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>3,344,376</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>136,381</b>	<b>-</b>	<b>24,831</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT), June 30, 2013</b>	<b>184,452</b>	<b>(24,249)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT), June 30, 2014</b>	<b>\$ 320,833</b>	<b>\$ (24,249)</b>	<b>\$ 24,831</b>	<b>\$ -</b>	<b>\$ -</b>

State of New Mexico  
Aging and Long-Term Services Department

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS – CONTINUED**

June 30, 2014

	64800 Capital Projects Laws 2004	70000 Capital Projects Laws 2003	88300 Capital Projects	89200 Capital Projects	93100 Capital Projects
<b>REVENUES</b>					
Fees and services	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>					
Current					
Personnel services and employee benefits	-	-	-	-	-
In-state travel	-	-	-	-	-
Supplies	-	-	-	-	-
Operating costs	-	-	-	-	-
Contractual costs	-	-	-	-	-
Other costs	121,817	-	3,180	3,379,677	24,000
<b>Total expenditures</b>	<b>121,817</b>	<b>-</b>	<b>3,180</b>	<b>3,379,677</b>	<b>24,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(121,817)</b>	<b>-</b>	<b>(3,180)</b>	<b>(3,379,677)</b>	<b>(24,000)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
State general fund appropriations	-	-	-	-	-
Reversions	-	-	-	-	-
Bond proceeds	127,670	(1,049)	3,180	3,661,785	-
Transfers to local governments	-	-	-	-	-
Operating transfers in/out	-	-	-	-	-
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>127,670</b>	<b>(1,049)</b>	<b>3,180</b>	<b>3,661,785</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,853</b>	<b>(1,049)</b>	<b>-</b>	<b>282,108</b>	<b>(24,000)</b>
<b>FUND BALANCES (DEFICIT), June 30, 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,230</b>
<b>FUND BALANCES (DEFICIT), June 30, 2014</b>	<b>\$ 5,853</b>	<b>\$ (1,049)</b>	<b>\$ -</b>	<b>\$ 282,108</b>	<b>\$ 230</b>

State of New Mexico  
Aging and Long-Term Services Department

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS – CONTINUED**

June 30, 2014

	95400 Capital Projects House Bill 2	96200 Capital Projects Laws 2006	96500 Capital Projects Laws 2006	Total Non-Major Funds
<b>REVENUES</b>				
Fees and services	\$ -	\$ -	\$ -	\$ 257,437
Federal grants	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257,437</b>
<b>EXPENDITURES</b>				
Current				
Personnel services and employee benefits	-	-	-	67,039
In-state travel	-	-	-	2,648
Supplies	-	-	-	5,893
Operating costs	-	-	-	24,457
Contractual costs	-	-	-	5,949
Other costs	-	-	-	6,863,289
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,969,275</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,711,838)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
State general fund appropriations	-	-	-	-
Reversions	-	-	-	-
Bond proceeds	-	-	-	7,135,962
Transfers to local governments	-	-	-	-
Operating transfers in/out	-	-	-	-
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,135,962</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>424,124</b>
<b>FUND BALANCES (DEFICIT), June 30, 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>184,433</b>
<b>FUND BALANCES (DEFICIT), June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 608,557</b>

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**PROGRAM SUPPORT (P-591)**  
**MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ 3,754,200	\$ 3,604,200	\$ 3,604,200	\$ -
Federal grants	624,800	645,114	591,690	(53,424)
Intra-state transfers	-	-	-	-
Miscellaneous revenues	-	-	14,451	14,451
Other	-	-	-	-
	<u>4,379,000</u>	<u>4,249,314</u>	<u>4,210,341</u>	<u>(38,973)</u>
<b>EXPENDITURES:</b>				
Current:				
Personnel services and benefits	3,884,900	3,634,900	3,607,338	27,562
Contractual services	128,700	128,700	119,966	8,734
Other operating costs	365,400	485,714	479,901	5,813
	<u>4,379,000</u>	<u>4,249,314</u>	<u>4,207,205</u>	<u>42,109</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	3,136	<u>\$ 3,136</u>
GAAP basis reconciliation				
Reversion to state general fund			<u>(3,136)</u>	
Net change in fund balance			<u>\$ -</u>	



State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**CONSUMER AND ELDER RIGHTS (P-592)**  
**MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ 1,986,200	\$ 1,986,200	\$ 1,986,200	\$ -
Federal grants	1,073,400	1,825,170	1,463,576	(361,594)
Intra-state transfers	458,900	458,900	600,000	141,100
Other fees and services	-	-	-	-
Other	-	-	-	-
	3,518,500	4,270,270	4,049,776	(220,494)
<b>EXPENDITURES:</b>				
Current:				
Personnel services and benefits	3,059,000	3,454,576	3,359,575	95,001
Contractual services	77,000	284,795	202,281	82,514
Other operating costs	382,500	530,899	473,965	56,934
	3,518,500	4,270,270	4,035,821	234,449
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	13,955	<b>\$ 13,955</b>
GAAP basis reconciliation				
Reversion to state general fund			(13,955)	
Net change in fund balance			\$ -	

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**ADULT PROTECTIVE SERVICES (P-593)**  
**MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ 10,670,100	\$ 10,820,100	\$ 10,795,500	\$ (24,600)
Intra-state transfers	2,498,600	2,498,600	2,407,768	(90,832)
Miscellaneous	-	29,051	104	(28,947)
	<u>13,168,700</u>	<u>13,347,751</u>	<u>13,203,372</u>	<u>(144,379)</u>
<b>EXPENDITURES:</b>				
Current:				
Personnel services and benefits	7,980,500	8,130,500	8,103,415	27,085
Contractual services	3,565,400	3,565,400	3,552,176	13,224
Other operating costs	1,622,800	1,651,851	1,519,120	132,731
	<u>13,168,700</u>	<u>13,347,751</u>	<u>13,174,711</u>	<u>173,040</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	28,661	<u>\$ 28,661</u>
GAAP basis reconciliation				
Reversion to state general fund			<u>(28,661)</u>	
Net change in fund balance			<u>\$ -</u>	

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**AGING NETWORK (P-594)**  
**MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ 28,597,500	\$ 28,597,500	\$ 28,597,500	\$ -
Federal grants	8,832,600	9,732,600	9,539,679	(192,921)
Intra-state transfers	-	-	-	-
Other fees and services	129,000	154,000	83,719	(70,281)
Miscellaneous	-	-	173,718	173,718
<b>Total revenues</b>	<b>37,559,100</b>	<b>38,484,100</b>	<b>38,394,616</b>	<b>(89,484)</b>
<b>EXPENDITURES:</b>				
Current:				
Personnel services and benefits	145,300	175,300	105,694	69,606
Contractual services	102,800	102,800	77,911	24,889
Other operating costs	37,311,000	38,206,000	38,036,104	169,896
Other financing uses	-	-	-	-
<b>Total expenditures</b>	<b>37,559,100</b>	<b>38,484,100</b>	<b>38,219,709</b>	<b>264,391</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>174,907</b>	<b>\$ 174,907</b>
GAAP basis reconciliation				
Reversion to state general fund			(38,594)	
<b>Net change in fund balance</b>			<b>\$ 136,313</b>	

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL -  
SPECIAL APPROPRIATIONS (Z30551)  
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
General fund appropriations	\$ -	\$ -	\$ -	\$ -
Other financing sources	-	-	-	-
Federal grants	-	-	-	-
Other registration fees	-	-	-	-
Miscellaneous revenue	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Other operating costs	100,000	100,000	100,000	-
<b>Total expenditures</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>\$ -</b>
<b>FUND BALANCE CARRYFORWARD</b>	<b>100,000</b>	<b>100,000</b>		
	<b>\$ -</b>	<b>\$ -</b>		
<b>DEFICIENCY OF REVENUE UNDER EXPENSE</b>			<b>\$ (100,000)</b>	

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL -**  
**SPECIAL APPROPRIATIONS (Z40561)**  
**MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
General fund appropriations	\$ 175,000	\$ 175,000	\$ 175,000	\$ -
Other financing sources	-	-	-	-
Federal grants	-	-	-	-
Other registration fees	-	-	-	-
Miscellaneous revenue	-	-	-	-
Reversions	-	-	-	-
<b>Total revenues</b>	<b>175,000</b>	<b>175,000</b>	<b>175,000</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Other operating costs	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET)</b>	<b>-</b>	<b>-</b>	<b>175,000</b>	<b>\$ -</b>
<b>FUND BALANCE CARRYFORWARD</b>	<b>175,000</b>	<b>175,000</b>		
	<b>\$ -</b>	<b>\$ -</b>		
<b>EXCESS REVENUE OVER EXPENSE</b>			<b>\$ 175,000</b>	

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL -  
CAPITAL PROJECT FUND (05300)  
NON-MAJOR GOVERNMENTAL FUNDS**

As of June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Federal grants	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	2,506,817	2,506,817	3,344,376	837,559
Reversion	-	-	-	-
	<u>2,506,817</u>	<u>2,506,817</u>	<u>3,344,376</u>	<u>837,559</u>
Total revenues	2,506,817	2,506,817	3,344,376	837,559
<b>EXPENDITURES - current:</b>				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Other operating costs	3,319,545	3,319,545	3,319,545	-
Other financing uses	-	-	-	-
Operating transfers	-	-	-	-
	<u>3,319,545</u>	<u>3,319,545</u>	<u>3,319,545</u>	<u>-</u>
Total expenditures	3,319,545	3,319,545	3,319,545	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET)</b>				
	(812,728)	(812,728)	<u>24,831</u>	<u>\$ 837,559</u>
<b>FUND BALANCE CARRYFORWARD</b>				
	<u>812,728</u>	<u>812,728</u>		
	<u>\$ -</u>	<u>\$ -</u>		
<b>EXCESS REVENUE OVER EXPENSE</b>				
			<u>\$ 24,831</u>	

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL -**  
**CAPITAL PROJECT FUND (59500)**  
**NON-MAJOR GOVERNMENTAL FUNDS**

As of June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
State general fund appropriations	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Federal grants	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Reversion	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES - current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Other operating costs	-	-	-	-
Other financing uses	-	-	-	-
Operating transfers	-	-	-	-
Total expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET)	-	-	-	<u>\$ -</u>
FUND BALANCE CARRYFORWARD	-	-		
	<u>\$ -</u>	<u>\$ -</u>		
EXCESS REVENUE OVER EXPENSE			<u>\$ -</u>	

Inactive funds with no activity continue to be presented in these financial statements since they still legally exist with the State of New Mexico.

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL -  
CAPITAL PROJECT FUND (64800)  
NON-MAJOR GOVERNMENTAL FUNDS**

As of June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Federal grants	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	117,720	117,720	127,670	9,950
Reversion	-	-	-	-
<b>Total revenues</b>	<b>117,720</b>	<b>117,720</b>	<b>127,670</b>	<b>9,950</b>
<b>EXPENDITURES - current:</b>				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Other operating costs	121,817	121,817	121,817	-
Other financing uses	-	-	-	-
Operating transfers	-	-	-	-
<b>Total expenditures</b>	<b>121,817</b>	<b>121,817</b>	<b>121,817</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET)</b>	<b>(4,097)</b>	<b>(4,097)</b>	<b>5,853</b>	<b>\$ 9,950</b>
<b>FUND BALANCE CARRYFORWARD</b>	<b>(4,097)</b>	<b>(4,097)</b>		
	<b>\$ -</b>	<b>\$ -</b>		
<b>EXCESS REVENUE OVER EXPENSE</b>			<b>\$ 5,853</b>	



State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL -  
CAPITAL PROJECT FUND (70000)  
NON-MAJOR GOVERNMENTAL FUNDS**

As of June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Federal grants	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	(1,049)	(1,049)
Reversion	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>(1,049)</b>	<b>(1,049)</b>
<b>EXPENDITURES - current:</b>				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Other operating costs	-	-	-	-
Other financing uses	-	-	-	-
Operating transfers	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET)</b>	<b>-</b>	<b>-</b>	<b>(1,049)</b>	<b>\$ (1,049)</b>
<b>FUND BALANCE CARRYFORWARD</b>	<b>-</b>	<b>-</b>		
	<b>\$ -</b>	<b>\$ -</b>		
<b>DEFICIENCY OF REVENUE UNDER EXPENSE</b>			<b>\$ (1,049)</b>	

Inactive funds with no activity continue to be presented in these financial statements since they still legally exist with the State of New Mexico.

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL -  
CAPITAL PROJECT FUND (88300)  
NON-MAJOR GOVERNMENTAL FUNDS**

As of June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Federal grants	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	3,180	3,180
Reversion	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>3,180</b>	<b>3,180</b>
<b>EXPENDITURES - current:</b>				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Other operating costs	-	-	3,180	(3,180)
Other financing uses	-	-	-	-
Operating transfers	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>3,180</b>	<b>(3,180)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCE CARRYFORWARD</b>	<b>-</b>	<b>-</b>		
	<b>\$ -</b>	<b>\$ -</b>		
<b>DEFICIENCY OF REVENUE UNDER EXPENSE</b>			<b>\$ -</b>	

Inactive funds with limited or no activity continue to be presented in these financial statements since they still legally exist with the State of New Mexico. It is management's intent to close this fund upon DFA approval.

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL -  
CAPITAL PROJECT FUND (89200)  
NON-MAJOR GOVERNMENTAL FUNDS**

As of June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Federal grants	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	2,685,254	2,685,254	3,661,785	976,531
Reversion	-	-	-	-
<b>Total revenues</b>	<b>2,685,254</b>	<b>2,685,254</b>	<b>3,661,785</b>	<b>976,531</b>
<b>EXPENDITURES - current:</b>				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Other operating costs	3,379,677	3,379,677	3,379,677	-
Other financing uses	-	-	-	-
Operating transfers	-	-	-	-
<b>Total expenditures</b>	<b>3,379,677</b>	<b>3,379,677</b>	<b>3,379,677</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET)</b>	<b>(694,423)</b>	<b>(694,423)</b>	<b>282,108</b>	<b>\$ 976,531</b>
<b>FUND BALANCE CARRYFORWARD</b>	<b>(694,423)</b>	<b>(694,423)</b>		
	<b>\$ -</b>	<b>\$ -</b>		
<b>EXCESS REVENUE OVER EXPENSE</b>			<b>\$ 282,108</b>	

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL -  
CAPITAL PROJECT FUND (93100)  
NON-MAJOR GOVERNMENTAL FUNDS**

As of June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
State general fund appropriations	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-
Federal grants	-	-	-	-
Other financing sources	-	-	-	-
Bond proceeds	-	-	-	-
Reversion	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES - current:</b>				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Other operating costs	24,000	24,000	24,000	-
Other financing uses	-	-	-	-
Operating transfers	-	-	-	-
<b>Total expenditures</b>	<b>24,000</b>	<b>24,000</b>	<b>24,000</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET)</b>	<b>(24,000)</b>	<b>(24,000)</b>	<b>(24,000)</b>	<b>\$ -</b>
<b>FUND BALANCE CARRYFORWARD</b>	<b>24,230</b>	<b>24,230</b>		
	<b>\$ 230</b>	<b>\$ 230</b>		
<b>DEFICIENCY OF REVENUE OVER EXPENSE</b>			<b>\$ (24,000)</b>	

State of New Mexico  
Aging and Long-Term Services Department

**COMBINING BALANCE SHEET - GENERAL FUND**

As of June 30, 2014

	<u>04900 General Fund</u>	<u>27000 General Fund</u>	<u>Combined General Fund</u>
<b>ASSETS</b>			
Interest in State General Fund Investment Pool	\$ 3,613,022 *	\$ -	\$ 3,613,022
Receivables:			
Other, net	152,074	45,174	197,248
Due from federal government	773,183	-	773,183
Due from other state agencies	530,320	-	530,320
	<u>5,068,599</u>	<u>45,174</u>	<u>5,113,773</u>
Total assets	<u>\$ 5,068,599</u>	<u>\$ 45,174</u>	<u>\$ 5,113,773</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,887,360	\$ 1,811	\$ 3,889,171
Accrued payroll	378,348	-	378,348
Due to federal government	40,850	-	40,850
Due to other state agencies	152,140	-	152,140
Due to State General Fund Investment Pool	-	77,456	77,456
Due to state general fund	84,325	36	84,361
Other liabilities	46,902	-	46,902
	<u>4,589,925</u>	<u>79,303</u>	<u>4,669,228</u>
Total liabilities	<u>4,589,925</u>	<u>79,303</u>	<u>4,669,228</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	478,674	-	478,674
Unassigned (deficit)	-	(34,129)	(34,129)
	<u>478,674</u>	<u>(34,129)</u>	<u>444,545</u>
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<u>478,674</u>	<u>(34,129)</u>	<u>444,545</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,068,599</u>	<u>\$ 45,174</u>	<u>\$ 5,113,773</u>

\* Includes \$100 of petty cash not held with the Office of the State Treasurer.

State of New Mexico  
Aging and Long-Term Services Department

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - GENERAL FUND**

As of June 30, 2014

	04900 General Fund	27000 General Fund	Combined General Fund
<b>REVENUES</b>			
Miscellaneous	\$ 14,777	\$ -	\$ 14,777
Fees and services	-	-	-
Federal grants and contracts	11,595,146	-	11,595,146
Othe federal reimbursements	303,249	-	303,249
Private gifts and grants	-	-	-
<b>Total revenues</b>	<b>11,913,172</b>	<b>-</b>	<b>11,913,172</b>
<b>EXPENDITURES</b>			
Current			
Other costs	33,596,397	-	33,596,397
Personal service and employee benefits	15,142,462	-	15,142,462
Operating costs	6,017,984	-	6,017,984
Contractual services	3,946,385	-	3,946,385
Supplies	431,973	-	431,973
Maintenance and repairs	300,985	-	300,985
In-state travel	116,305	-	116,305
Out-of-state travel	37,248	-	37,248
Capital outlay	26,603	-	26,603
<b>Total expenditures</b>	<b>59,616,342</b>	<b>-</b>	<b>59,616,342</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(47,703,170)</b>	<b>-</b>	<b>(47,703,170)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
State general fund appropriations	45,060,100	-	45,060,100
Transfers - reversions to state general fund	(84,325)	-	(84,325)
Transfer of bond proceeds	-	-	-
Reversions	-	-	-
Transfers from local governments	-	-	-
Transfers from other state agencies - compensation package	122,900	-	122,900
Transfers from other state agencies - federal pass-through awards	2,983,167	-	2,983,167
<b>Net other financing sources (uses)</b>	<b>48,081,842</b>	<b>-</b>	<b>48,081,842</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>378,672</b>	<b>-</b>	<b>378,672</b>
<b>FUND BALANCES (DEFICIT), June 30, 2013</b>	<b>100,002</b>	<b>(34,129)</b>	<b>65,873</b>
<b>FUND BALANCES (DEFICIT), June 30, 2014</b>	<b>\$ 478,674</b>	<b>\$ (34,129)</b>	<b>\$ 444,545</b>

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF MULTIPLE-YEAR CAPITAL PROJECTS FUNDED BY SPECIAL  
AND SEVERANCE TAX CAPITAL OUTLAY APPROPRIATIONS FROM THE STATE**

As of June 30, 2014

Project Description	Authority/Chapter	Laws	Appropriation Period	Expiration	SHARE Fund
<u>General Obligation Bonds (GOB)</u>	Chapter 80, Section 10A (GOB09)	Laws of 2008	FY10 - FY14	6/30/14	64800
	Chapter 3, Section 10A/1 (GOB11)	Laws of 2010	FY11 - FY14	6/30/14	05300
	Chapter 54, Section 10A (GOB13)	Laws of 2012	FY13 - FY16	6/30/16	89200
Total General Obligation Bonds					
<u>Severance Tax Bonds (STB)</u>	Chapter 42, Section 4 (STB07A)	Laws of 2007	FY07 - FY13	6/30/13	89200
	Chapter 125, Section 4 (STB09A)	Laws of 2009	FY09 - FY13	6/30/14	89200
	Chapter 105, Section 18A (STB08A-1)	Laws of 2010	FY11 - FY14	6/30/14	89200
	Chapter 5, Section 4 (STB11A-1)	Laws of 2011	FY11 - FY16	6/30/16	89200
	Chapter 64, Section 4 (STB12A)	Laws of 2012	FY12 - FY16	6/30/16	89200
	Chapter 226, Section 5 (STB13A)	Laws of 2013	FY13 - FY17	6/30/17	89200
Total Severance Tax Bonds					
<u>General Fund Bonds (GF)</u>	Chapter 63, Section 75 (GF2012)	Laws of 2012	FY12-FY14	6/30/14	93100
	Chapter 2, Section 2 (GF2007)	Laws of 2007	FY07-FY11	6/30/11	88300
Total General Fund Bonds					
Total Capital Appropriations					

A The unencumbered balance is expected to be spent in FY15 upon approval of time extension for the appropriation period through June 30, 2015.

B The expenditure recorded in FY14 will be transferred in FY15.

SCHEDULE 14

Total Appropriation	Bonds Sold to Date	Bonds Unsold	Amount Available	Prior Year Expenditures	Current Year Expenditures	Art in Public Places	Current Year Reversion Amount	Unencumbered Balance
\$ 600,000	\$ 600,000	\$ -	\$ 600,000	\$ 261,238	\$ 121,817	\$ 6,000	\$ -	\$ 210,945 A
7,074,500	7,074,500	-	7,074,500	2,756,366	3,319,545	24,840	205,819	767,930 A
11,022,325	11,022,325	-	11,022,325	301,253	1,703,564	-	-	9,017,508
<u>\$ 18,696,825</u>	<u>\$ 18,696,825</u>	<u>\$ -</u>	<u>\$ 18,696,825</u>	<u>\$ 3,318,857</u>	<u>\$ 5,144,926</u>	<u>\$ 30,840</u>	<u>\$ 205,819</u>	<u>\$ 9,996,383</u>
\$ 94,000	\$ 94,000	\$ -	\$ 94,000	\$ 86,032	\$ -	\$ -	\$ 7,968	\$ -
1,358,260	1,358,260	-	1,358,260	1,161,155	86,021	-	111,084	-
830,338	830,338	-	830,338	827,679	1,204	-	1,455	-
3,861,000	3,861,000	-	3,861,000	1,865,650	704,753	-	61,016	1,229,581
2,000,000	2,000,000	-	2,000,000	467,586	827,654	14,500	-	690,260
3,969,692	3,969,692	-	3,969,692	397,733	56,481	1,750	-	3,513,728
<u>\$ 12,113,290</u>	<u>\$ 12,113,290</u>	<u>\$ -</u>	<u>\$ 12,113,290</u>	<u>\$ 4,805,835</u>	<u>\$ 1,676,113</u>	<u>\$ 16,250</u>	<u>\$ 181,523</u>	<u>\$ 5,433,569</u>
\$ 24,000	\$ 24,000	\$ -	\$ 24,000	\$ -	\$ 24,000	\$ -	\$ -	\$ -
5,485,729	5,485,729	-	5,485,729	5,482,549	3,180	-	-	- B
<u>\$ 5,509,729</u>	<u>\$ 5,509,729</u>	<u>\$ -</u>	<u>\$ 5,509,729</u>	<u>\$ 5,482,549</u>	<u>\$ 27,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 36,319,844</u>	<u>\$ 36,319,844</u>	<u>\$ -</u>	<u>\$ 36,319,844</u>	<u>\$ 13,607,241</u>	<u>\$ 6,848,219</u>	<u>\$ 47,090</u>	<u>\$ 387,342</u>	<u>\$ 15,429,952</u>



State of New Mexico  
Aging and Long-Term Services Department

**SUPPLEMENTAL SCHEDULE OF INTEREST IN  
STATE GENERAL FUND INVESTMENT POOL**

As of June 30, 2014

<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, 2013</u>
<b><u>Interest in State General Fund Investment Pool</u></b>					
<b><u>General Fund</u></b>					
State Treasurer	General Operating Account (Fund 04900)	General	State Treasurer	No	\$ 3,613,022
<b><u>Special Revenue Fund</u></b>					
State Treasurer	Conference on Aging (Fund 62200)	Special Revenue	State Treasurer	No	324,935
<b><u>Capital Projects Fund</u></b>					
State Treasurer	Capital Projects, Laws of 2004 (Fund 64800)	Capital Project	State Treasurer	No	6,070
State Treasurer	Capital Projects, Laws of 2007 (Fund 38600)	Capital Project	State Treasurer	No	-
State Treasurer	Capital Projects, Laws of 2004 (Fund 59500)	Capital Project	State Treasurer	No	344,459
State Treasurer	Capital Projects, Laws of 2003 (Fund 70000)	Capital Project	State Treasurer	No	-
State Treasurer	Capital Projects, Laws of 2007 (Fund 88300)	Capital Project	State Treasurer	No	-
State Treasurer	Capital Projects, Laws of 2007 (Fund 93100)	Capital Project	State Treasurer	No	24,230
State Treasurer	Capital Projects, House Bill 2 (Fund 95400)	Capital Project	State Treasurer	No	-
State Treasurer	Capital Projects, Laws of 2006 (Fund 96500)	Capital Project	State Treasurer	No	-
State Treasurer	Capital Projects, Laws of 2006 (Fund 96200)	Capital Project	State Treasurer	No	-
					374,759
					4,312,716
<b><u>Due to State Treasurer Investment Pool</u></b>					
State Treasurer	General Operating Account ( Fund 27000)	General	State Treasurer	No	(77,456)
State Treasurer	Capital Projects, Laws of 2007 (Fund 88300)	Capital Project	State Treasurer	No	(3,180)
State Treasurer	Special Projects (Fund 95300)	Special Project	State Treasurer	No	(17,561)
State Treasurer	Capital Projects, Laws of 2003 (Fund 70000)	Capital Project	State Treasurer	No	(1,049)
State Treasurer	Capital Projects, Laws of 2013 (Fund 89200)	Capital Project	State Treasurer	No	(265,244)
State Treasurer	Capital Projects, Laws of 2010 (Fund 05300)	Capital Project	State Treasurer	No	(240,536)
					(605,026)
<b>Total Interest in State General Fund Investment Pool</b>					<b>\$ 3,707,690</b>

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

As of June 30, 2014

<u>Federal Agency</u>	<u>Pass-Through Award Number</u>	<u>Federal CFDA Number</u>	<u>Federal Participating Expenditures as of 06/30/2014</u>
<b>U.S. Department of Health and Human Services (HHS)</b>			
<b>Pass-Through Awards:</b>			
CYFD			
Social Services Block Grant	11-690-3000-0029	93.667	\$ 2,383,167
HSD			
Medical Assistance Program	12-630-8000-0014	93.778	<u>600,000</u>
<b>Total HHS Pass-Through Awards</b>			2,983,167
<b>Direct Awards:</b>			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers		93.044	2,338,938
Special Programs for the Aging - Title III, Part C - Nutrition Services		93.045	4,482,730
Nutrition Services Incentive Program		93.053	<u>1,976,500</u>
<b>Total Aging Cluster</b>			8,798,168
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services		93.043	142,000
National Family Caregiver Support - Title III, Part E		93.052	1,094,576
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation		93.041	20,620
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals		93.042	58,091
Special Programs for the Aging - Title IV and Title II - Discretionary Projects - Recovery		93.048	446,074
Alzheimer's Disease Demonstration Grants to States		93.051	45,599
Medicare Enrollment Assistance Program		93.071	17,205
State Health Insurance Assistance Program		93.324	<u>107,362</u>
<b>Total HHS Direct Awards</b>			10,729,696
<b>Centers for Medicare and Medicaid Services (CMS)</b>			
Center for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		93.779	<u>416,427</u>
<b>Total CMS Direct Award</b>			<u>416,427</u>
<b>U.S. Department of Labor (DOL)</b>			
Senior Community Services Employment Program		17.235	<u>449,023</u>
<b>Total DOL Direct Awards</b>			<u>449,023</u>
<b>Total Federal Awards</b>			<u>\$ 14,578,313</u>

Note: Excludes other federal reimbursements in the amount of \$303,249.

State of New Mexico  
Aging and Long-Term Services Department

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2014

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the State of New Mexico Aging and Long-Term Service Department (the Department) under program of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the financial position or changes in net position of the Department.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, where in certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE C – SUBRECIPIENTS**

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

<u>CFDA</u>	<u>Grant</u>	<u>Sub-Recipient</u>	<u>Amount</u>
93.044	Title III B	City of Albuquerque / North Central	\$ 1,862,092
93.045	Title III C1 & C2	City of Albuquerque / North Central	4,116,400
93.043	Title III D	City of Albuquerque / North Central	142,000
93.052	Title III E	City of Albuquerque / North Central	1,051,008
93.053	NSIP	City of Albuquerque / North Central	<u>1,976,500</u>
		Total	<u>\$ 9,148,000</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, the budgetary comparisons for the general fund, the aggregate remaining fund information of the State of New Mexico Aging and Long-Term Services Department (the Department), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and the combining and individual funds and related budgetary comparisons of the Department presented as supplementary information, and have issued our report thereon dated December 12, 2014.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. Given these limitations during our audit, we did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-006 that we consider to be a significant deficiencies.

### **Compliance and Other Matters**

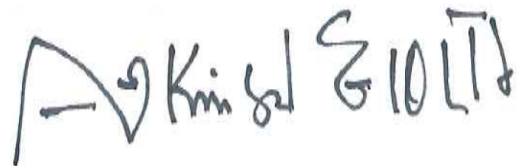
As part of obtaining reasonable assurance about whether the Department's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2012-001, 2014-002, 2014-003, 2014-004, 2014-005, 2014-007, 2014-008, 2014-009, 2014-010, and 2014-011.

### **Department's Responses to Findings**

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

### **Purpose of this Report**

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

A handwritten signature in blue ink, appearing to read "Atkinson & Co., Ltd.", with a stylized flourish on the left side.

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
December 12, 2014



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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

### **Report on Compliance for Each Major Federal Program**

We have audited the State of New Mexico Aging and Long-Term Services Department's (the 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, 2014. The Department's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

## Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance 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 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, 2014-007, 2014-008, 2014-009, and 2014-010. Our opinion on each major federal program is not modified with respect to these matters.

The Department's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Department's responses were not subjected to audit procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

## Report on Internal Control Over Compliance

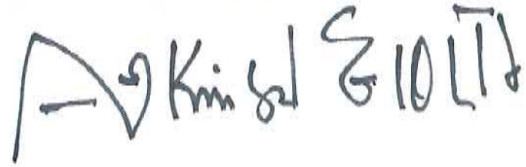
Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-006 that we consider to be a significant deficiency.

The Department's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Department's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

A handwritten signature in black ink, appearing to read "Atkinson & Co., Ltd.", with a stylized initial "A" on the left.

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
December 12, 2014



State of New Mexico  
Aging and Long Term Services Department

**SUMMARY OF AUDIT FINDINGS**

Year ended June 30, 2014

<b>Prior Year Findings Description</b>	<b>Status</b>
2010-007 Untimely Reversions (Significant Deficiency and Compliance)	Resolved
2011-002 Lack of Internal Controls over Federal Awards (Significant Deficiency and Compliance)	Resolved
2012-001 Research and Resolution of Account Balances with Implementation of SHARE (Compliance)	Repeat and Modified
2013-001 Matching of Reimbursable Expense to Revenues, Lack of Controls (Significant Deficiency)	Resolved
2013-002 Timely Deposits (Compliance)	Resolved
2013-003 Allowable Costs – Lack of Documentation of Pay Rates (Significant Deficiency and Compliance)	Resolved

**Current Year Findings Description**

*Findings – Financial Statement Audit*

2014-001 Cash Receipts Process (Significant Deficiency)

*Federal Award Findings and Questioned Costs*

2014-002 Allowable Costs/Activities (Payroll Disbursements) (Compliance)  
2014-003 Allowable Costs/Activities (Payroll Disbursements) (Compliance)  
2014-004 Allowable Costs/Activities (Non-Payroll Disbursements) (Compliance)  
2014-005 Allowable Costs/Activities (Control Deficiency and Compliance)  
2014-006 Procurement, Suspension and Debarment (Significant Deficiency and Compliance)  
2014-007 Subrecipient Monitoring (Control Deficiency and Compliance)  
2014-008 Eligibility (Control Deficiency and Compliance)  
2014-009 Federal Reporting (Compliance)  
2014-010 Matching (Control Deficiency and Compliance)

*Findings in Accordance with 2.2.2 NMAC (State Audit Rule)*

2014-011 Fuel Card Process (Control Deficiency and Compliance)

State of New Mexico  
Aging and Long Term Services Department

**SUMMARY OF AUDIT RESULTS**

Year ended June 30, 2014

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   X   No
- Significant deficiency(s) 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 deficiency(s) identified?   X   Yes \_\_\_\_\_ None Reported

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

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

Identification of Major Programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
93.044,93.045, 93.53	Aging Cluster
17.235	Senior Community Service Employment Program
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations
93.052	Nutrition Family Caregiver Support <input type="checkbox"/> Title III, Part E
93.048	Special Programs for the Aging <input type="checkbox"/> Title IV and Title II <input type="checkbox"/> Discretionary Projects <input type="checkbox"/> ARRA
93.778	HSD Medical Assistance

Dollar threshold used to distinguish between Type A and Type B programs \$437,349

- Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2014

**PRIOR YEAR FINDING**

**STATE AUDIT RULE**

2012-001 Research and Resolution of Account Balances with Implementation of SHARE  
(Compliance) (Repeat and Modified)

**CONDITION**

During our testwork we noted debit balances of \$34,129 in the net fund balance account in the Department's General Fund (27000) and \$24,249 in the Special Projects Fund (95300) that needed to be removed from the Department's books. These balances are a carryover from prior years.

**CRITERIA**

The Manual of Model Accounting Practices requires that all state agencies "perform monthly reconciliations". Additionally, Section 6-5-2 NMSA 1978 states that "State agencies shall comply with the model accounting practices established by the Financial Control Division and the administrative head of each agency shall ensure that the model accounting practices are followed".

**CAUSE**

The balance is a rollforward from the conversion of SHARE in 2006 and 2007 and the Department has not been able to determine the nature and cause of this imbalance in net fund balance.

**EFFECT**

Liabilities may be overstated and adjustments may be required to properly state other liabilities at year-end or these balances have no substance and should be eliminated.

**RECOMMENDATION**

We recommend that Department staff work with the Department of Finance and Administration to eliminate the balance sheet balances in both funds during FY15 instead of posting an audit entry for FY14.

**MANAGEMENT RESPONSE**

The Department agrees with the finding. The Administrative Services Division continued the reconciliation of the accounts in funds 27000 and 95300 in FY13. Due to the complexity and age of the issues, the balances no longer appear legitimate nor have substance. The Department will work closely with DFA to complete the reconciliation on the payroll liabilities and accounts payable issues from 2007 and 2008 and propose eliminating journal entries to remove all balances that have no substance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FINDING – FINANCIAL STATEMENT AUDIT**

2014-001 Cash Receipts Process (Significant Deficiency)

**CONDITION**

During testing of controls, the following control deficiencies were noted surrounding the cash receipts transaction cycle: No segregation of duties exists in the process of receipt, count, and entry of funds received for Conference on Aging registration and sponsor fees into the tracking database, as all functions are performed by the same employee at another location and then sent to the Department Administrative Services Division (ASD).

**CRITERIA**

A strong internal control structure is required by the NM Department of Finance & Administration (DFA) Manual of Accounting Practices (MAP) via 2.20.5.8C(1)NMAC, which includes controls over the control environment, monitoring, communication and risk assessments related to financial reporting and activity (transaction) level processes.

**CAUSE**

There is currently no formal process in place for the second verification for all revenue received for the Conference on Aging.

**EFFECT**

There was an increased possibility of the loss or theft of cash receipts. There was also an increased risk of misstatement due to fraud or error.

**RECOMMENDATION**

We recommend that Management introduce additional employees into the cash receipts cycle for Conference on Aging revenues to ensure adequate segregation of duties and properly utilize a deposit log to ensure that all deposits are logged and that the total for the day and month are agreed to the general ledger.

The Department should have an individual who does not have access to the actual cash (or check) received and log all receipts received by the Department before the received funds are sent to the ASD for deposit. Management should also ensure that when a position involved in this process becomes vacant, the duties assigned to that position are still completed appropriately.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. ALTSD will develop clear and concise policies and procedures for the Conference on Aging Cash Receipts Process in order to be in compliance with MAP 2.20.5.8C(1)NMAC. The Department will engage additional employees in the process as necessary to meet the segregation of duties aspect and employ the use of the deposit bag as recommended. A periodic review of the process and testing of controls will also be completed throughout the fiscal year.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

CFDA Nos. 93.778, 93.779, 93.044, 93.045, and 93.053

2014-002 Allowable Costs/Activities (Payroll Disbursements) (Compliance)

**CONDITION**

The following deficiency was noted during our testing of payroll transactions: 3 of 60 payroll transactions totaling \$3,865 were missing signed approvals for overtime hours worked.

**CRITERIA**

Per ALTSD Policy and Procedures Manual, employees must complete an overtime approval sheet before working overtime hours, which must be signed by the employee and a supervisor.

**CAUSE**

The employee's supervisors made the authorizations verbally, which does not comply with the documented approval process. This may have occurred because of a lack of emphasis made to employees about the importance of following internally developed policies.

**EFFECT**

Lacking proper authorization for time worked may lead to unallowed costs for the Department, as employees may be working on activities that are outside the scope of allowed costs set forth in the grant agreements.

**RECOMMENDATION**

We recommend that ALSTD emphasize the importance of following all ALSTD policies and procedures. The Department could require employees to sign a document that states they reviewed the most recent ALTSD Policy and Procedures Manual on an annual basis, and have semi-annual meetings that highlight the more important policies and procedures from the manual.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. ALTSD Human Resources has sent an e-mail to all ALTSD staff reminding employees and supervisors of the requirement of documented prior approval of overtime prior to the overtime hours being worked. ALTSD Human Resources will continue to send reminder e-mails to insure compliance.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – CONTINUED**

CFDA No. 93.779

2014-003 Allowable Costs/Activities (Payroll Disbursements) (Compliance)

**CONDITION**

The following deficiency was noted during our testing of payroll transactions: 1 of 60 transactions selected to review approved pay rate was being paid incorrectly in the amount of \$107 based on a rate that was authorized on the Personnel Action form.

**CRITERIA**

Per OMB Circular A-87, 2 CFR 225, Cost Principles, Appendix B(8)(h) "Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit". Although there was supporting documentation for the employee's pay rate that was approved by responsible officials, the entity is not in compliance because the employee was paid at a rate different from what was approved.

**CAUSE**

An employee at the State Personnel Office (SPO) made an error when entering the individual's pay rate into the SHARE system. The SPO employee entered the "Midpoint" rate on the Personnel Action Request form, instead of the authorized "Pay Rate".

**EFFECT**

1 out of 60 transactions tested were out of compliance with OMB-87. Because this employee was being paid an amount greater than what was authorized, the excess amount is an unallowed cost of the federal grant, as it is not in compliance with OMB Circular A-87. This error also has the potential of making the Department go over the approved budgetary amounts.

**RECOMMENDATION**

We recommend that the Department review the first payroll register after a new employee is hired, or earns a pay rate increase, to verify that the correct amount is being paid to the employee.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. ALTSD Human Resources will review payroll transactions to insure that entry of information is correct in the SHARE system.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – CONTINUED**

CFDA Nos. 93.048, 93.778, and 93.779

2014-004 Allowable Costs/Activities (Non-Payroll Disbursements) (Compliance)

**CONDITION**

During testing of controls and transactions, the following control deficiency was noted related to non-payroll disbursements for federal expenditures: the person who originated and approved a purchase requisition (PR) in the amount of \$24,110 were the same person, thus, segregation of duties were not implemented to the effect available.

**CRITERIA**

DFA's Model of Accounting Practices (MAP) requires that Agencies provide for the segregation of duties between the custody, approval, and recording of cash disbursements.

**CAUSE**

Agency policies were not being consistently followed regarding procedures for the request and approval for intended procurements.

**EFFECT**

There was an increased possibility of theft and an increased risk of misstatement due to fraud or error.

**RECOMMENDATION**

We recommend that Management review all current policies and procedures to ensure that required policies are being complied with. It is essential that proper approvals exist at the internal department level and that all disbursements and purchase documents are clearly approved by an authorized individual.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. ALTSD will review all current policies and procedures to insure that the required policies are being complied with. ALTSD will also include this topic as part of our annual fiscal update training.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – CONTINUED**

CFDA Nos. 93.052, 93.044, 93.045, and 93.053

2014-005 Allowable Costs/Activities (Control Deficiency and Compliance)

**CONDITION**

During our testing of payroll transactions for allowable costs, we noted the following exceptions: Semi-annual time certifications were not prepared for employees who charge 100% of their time to a Federal grant as follows:

- SCSE: 3 of 9 payroll transactions
- CMMS: 3 of 12 payroll transactions
- NFCS: 2 of 12 payroll transactions
- Aging Cluster: 4 of 15 payroll transactions

**CRITERIA**

Per OMB Circular A-87, 2 CFR 225, Cost Principles, Appendix B(8)(h), where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications are to be prepared at least semi-annually and signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

**CAUSE**

The Department performs their time certifications on a quarterly basis, and they had forgotten to complete the fourth quarter certifications. Staffing may have been inadequate to ensure correct procedures. Appropriate monitoring of transactions was not effective.

**EFFECT**

The Department did not ensure the proper control over Federal funds by proper certification of payroll disbursements.

**RECOMMENDATION**

We recommend that the Department create a strong emphasis to employees on completing these certifications.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. ALTSD will implement a process where certifications are completed on a quarterly basis.



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – CONTINUED**

CFDA Nos. 93.052, 93.044, 93.045, and 93.053

2014-006 Procurement, Suspension and Debarment (Significant Deficiency and Compliance)

**CONDITION**

During our testing of disbursements, we noted that 2 out of 2 vendor professional services contracts tested over \$25,000 had no documentation to show that the Department performed a verification check on the excluded party list system to ensure vendors were not suspended or debarred. This occurred for the following major programs tested:

- Aging Cluster
- NFCS

**CRITERIA**

Government-wide requirements for non-procurement suspension and debarment are contained in the OMB A-133 guidance in 2 CFR part 180. Non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria.

**CAUSE**

The Department did not maintain documentation to show their review of the vendor's status at sam.gov, prior to contracting with selected vendors.

**EFFECT**

The Department, by not documenting compliance with this requirement, could not substantiate whether the vendors they contracted with were excluded parties. Potential questioned costs could result from disbursing Federal funds to an excluded party. The contracts reviewed were not with excluded parties.

**RECOMMENDATION**

The Department should document their assessment of excluded parties with each contract file to evidence compliance.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. ALTSD will implement a contract processing checklist to insure that compliance with suspension and debarment is met.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – CONTINUED**

CFDA Nos. 93.044, 93.045, and 93.053

2014-007 Subrecipient Monitoring (Control Deficiency and Compliance)

**CONDITION**

The Department failed to follow sub-recipient monitoring procedures that require the granting agency to obtain DUNS numbers from all sub-grantees before disbursing funds to subrecipients. There is also no evidence that sub-recipient audit reports were reviewed nor were they checked for at-risk on the disbarred vendor listing by the Department and followed up on, if applicable.

**CRITERIA**

Sub-recipients are not required by federal regulations to have a DUNS number but state sub-recipient monitoring requirements specify that granting departments should request and record the DUNS number prior to disbursing funds, if possessed. Client provided audit reports on November 11, 2014 and had to request DUNS numbers from both Agencies, which means that DUNS numbers were not obtained prior to the disbursement of funds.

**CAUSE**

The Department was not able to provide evidence of reviewing subrecipient audit reports, nor was there any evidence of DUNS numbers being obtained prior to awarding subrecipients.

**EFFECT**

A process to effectively monitor sub-recipients throughout the year was not established, therefore a significant risk exists regarding the sub-recipients of the Department not being in compliance with Federal Regulations. This can prevent the program from receiving funding in future periods.

**RECOMMENDATION**

We recommend that the Department implement a formal process to effectively monitor and follow up on missing or incomplete information regarding reporting requirements. We also recommend the Department develop policies to collect and maintain key information such as formal approval of recipient awards, all evidence of monitoring, and follow up actions. A rotating schedule for site visits, desk reviews, and reporting would help track sub-recipient monitoring activities and comply with Federal requirements.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. ALTSD will implement a process to require that sub-recipients are formally reviewed each year which will include establishing criteria for the review, documentation that the review occurred, and formalization of documentation processes.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – CONTINUED**

CFDA No. 17.235

2014-008 Eligibility (Control Deficiency and Compliance)

**CONDITION**

During review of 1 out of 6 participant files for eligibility testing under the SCSEP program, there was no supporting documentation available in order to verify participant's household number and income.

**CRITERIA**

The Department of Labor regulations at 20 CFR Section 641.500, require an applicant's income computed by calculating includable income received by the applicant during the 12-month period ending on the date an individual submits an application to participate in SCSEP, or the annualized income for the 6-month period ending on the application date.

**CAUSE**

The employee responsible copied the previous year's information, rather than updating or obtaining current information.

**EFFECT**

Department personnel did not obtain proper documentation to verify participant's household number and income.

**RECOMMENDATION**

We recommend the Department obtain all supporting documentation related to verifying participant household number and income prior to approving participant.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. ALTSD will continue to work with SCSEP staff to insure that eligibility requirements are fully understood and met.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – CONTINUED**

CFDA No. 93.048

2014-009 Federal Reporting (Compliance)

**CONDITION**

During our testing of reporting requirements, we noted that a SF-425 report had not been submitted by the required due date.

**CRITERIA**

Administration for Community Living, which is a subset of The Department of Health and Human Services, requires SF-425 reports to be submitted within 30 days after period end for quarterly and annual reports, and within 90 days for final reports.

**CAUSE**

SF-425 was signed and approved by management, but was not submitted by the deadline due to the fact that the employee responsible for submitting the report left ALTSD prior to submission.

**EFFECT**

There is an increased possibility the program will not continue to receive funding if reporting requirements are not met.

**RECOMMENDATION**

Program management and those charged with the responsibility of preparing and submitting the reporting package should ensure that another authorized individual reconciles the reporting information to the accounting records and reviews the accuracy of the reporting information prior to submission. The Department should continue their efforts to integrate and maintain centralized accounting records to ensure that all pertinent grant information is safeguarded and accessible.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. ALTSD will review all current policies and procedures to insure that the required policies are being complied with. ALTSD will also include this topic as part of our annual fiscal update training.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – CONTINUED**

CFDA No. 17.235

2014-010 Matching (Control Deficiency and Compliance)

**CONDITION**

Grant AD-24165-13-55-A-35 requires a matching from the State Operational Funds of 10%; however, in FY14 there was only a state match of 9.14% based on the DOL ETA report. This was only an error in reporting the match and was not a result of questioned cost.

**CRITERIA**

According to the Senior Community Service Employment Program compliance supplement, there is a requirement that grantees must provide or arrange through third parties at least 10% of the cost of the project from non-Federal sources, whether cash or in-kind.

**CAUSE**

The Department does not appear to have adequate controls in place to ensure compliance with Federal matching requirements.

**EFFECT**

Failure to comply with the grant matching requirements could result in no longer receiving funding from the Federal grant.

**RECOMMENDATION**

Program management and those charged with the responsibility of matching requirements should perform periodic reviews to ensure that proper matching is being applied in order to achieve required levels.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. ALTSD has corrected the DOL ETA report to include the proper match information. ALTSD has also trained grants management staff on the requirement as well as including proper documentation on meeting all SCSEP grant requirements.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED**

June 30, 2014

**FINDINGS IN ACCORDANCE WITH 2.2.2 NMAC (STATE AUDIT RULE)**

2014-011 Fuel Card Process (Control Deficiency and Compliance)

**CONDITION**

During our review of the fuel card management process, we noted that ALTSD does not monitor usage or consumption of fuel for compliance with the administration and use of state vehicles or perform a mileage check on vehicles.

**CRITERIA**

NMAC (1.5.3.1 through 1.5.3.14) establishes statutory requirements for state vehicle usage.

**CAUSE**

There are no formal policies or procedures in place to effectively manage and monitor the proper usage and fueling of state vehicles.

**EFFECT**

The Department is unable to monitor and analyze the usage of their vehicles. There is an increased possibility of the loss or theft of Department assets.

**RECOMMENDATION**

We recommend that Management develop and implement a formal policy for the monitoring of vehicle and fuel card usage for their Department vehicles that complies with the required state guidelines established by the NMAC. There should be centralized monitoring of compliance with policies including the filing and maintaining of supporting documents for vehicle and fuel card usage, as well as periodic reviews of documentation and verification of reported data.

**MANAGEMENT RESPONSE**

ALTSD agrees with this finding. The Department will develop and implement the appropriate policies and procedures necessary to be in compliance with state vehicle and fuel card usage requirements. Additional tools and controls will be integrated to reduce the likelihood of loss or theft of the Department's assets.

State of New Mexico  
Aging and Long-Term Services Department

**EXIT CONFERENCE**

Year ended June 30, 2014

Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are correct and in balance. Management has reviewed and approved the financial statements.

\* \* \* \* \*

An exit conference was held on December 11, 2014. The following individuals were present:

**Aging and Long-Term Services Department:**

Gino Rinaldi	Cabinet Secretary
Jason Sanchez	Administrative Services Director/CFO
Julia Gil	Deputy Administrative Services Director
Mauricia Chavarria-Quam	Accounting Manager

**Atkinson & Co., Ltd.:**

Marty Mathisen, CPA, CGFM	Audit Director
Clarke Cagle, CPA, CCIFP, CGFM	Audit Director
Heather Prudhomme, CPA	Audit Senior

**PREPARATION OF FINANCIAL STATEMENTS**

The financial statements presented in this report have been prepared by the independent auditor with the assistance of the Department. However, they are the responsibility of management, as addressed in the Independent Auditor's Report.

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