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

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

**June 30, 2016**

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State of New Mexico  
Aging and Long-Term Services Department

**OFFICIAL ROSTER**

June 30, 2016

| <b>Name</b>             | <b>Title</b>                              |
|-------------------------|---|
| Myles Copeland          | Cabinet Secretary                         |
| KyKy Knowles            | Deputy Cabinet Secretary                  |
| Mauricia Chavarria-Quam | Deputy Administrative Services Director   |
| Carlos Moya             | Consumer & Elder Rights Division Director |
| Miguel Ulibarri         | APS Division Director                     |
| Lynne Anker-Unnever     | Aging Network Division Director           |
| Leslie Schaar           | General Counsel                           |

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

State of New Mexico  
Aging and Long-Term Services Department  
and  
Mr. Timothy Keller  
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, major special revenue 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, 2016, 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 the major capital projects fund, components of the general fund, and 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, 2016, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue 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, 2016, and the respective changes in the financial position of the non-major funds and the budgetary comparisons of the major capital projects fund, and all non-major capital projects funds for the year ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

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, 2016, 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 is not modified for this matter.

As discussed in Note B21, the State of New Mexico, as a single employer, has implemented GASB 68, *Accounting and Financial Reporting for Pensions*, in the June 30, 2016 Comprehensive Annual Financial Reports (CAFR). Accordingly, there is no allocation of the proportional share of the net pension liability to individual agencies or to the Department's governmental funds. All other required footnotes and other disclosures required by Governmental Accounting Standards Board are included in the State of New Mexico CAFR for June 30, 2016. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the 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 2.2.2 NMAC 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, 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.

The Schedule of Vendor Information, required by 2.2.2 NMAC, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016, on our consideration of the 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.

ATKINSON & CO., LTD

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
November 18, 2016

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

June 30, 2016

**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, 2016. 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 (Deficit) and the Statement of Activities. The Statement of Net Position (Deficit) 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 accrual basis of accounting.

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

June 30, 2016

**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 annual budget. The budgetary comparison schedules should present the original budget, the final appropriated budgets 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, 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, 2016

**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 (deficit) for the fiscal year ended June 30, 2016 was \$(11,605) and reflects a marked decrease over the previous year. Restricted net assets, including capital assets were \$364,613, an 11% increase over fiscal year 2015.

**Table A-1  
Statement of Net Position (Deficit)**

|                                  | <u>FY16</u>        | <u>FY15</u>        | <u>Percent<br/>Change</u> |
|----------------------------------|--------------------|--------------------|---------------------------|
| Current assets                   | \$ 11,787,781      | \$ 7,407,122       | 59%                       |
| Non-current assets               | 50,936             | 15,646             | 225%                      |
| Total assets                     | <u>11,838,717</u>  | <u>7,422,768</u>   | 59%                       |
| Current liabilities              | 11,627,441         | 7,293,506          | 59%                       |
| Long-term liabilities            | 222,881            | 217,915            | 2%                        |
| Total liabilities                | <u>11,850,322</u>  | <u>7,511,421</u>   | 58%                       |
| Net position                     |                    |                    |                           |
| Net investment in capital assets | 50,936             | 15,646             | 226%                      |
| Restricted                       | 313,677            | 312,009            | 1%                        |
| Unrestricted (deficit)           | <u>(376,218)</u>   | <u>(416,308)</u>   | -10%                      |
| Total net position (deficit)     | <u>\$ (11,605)</u> | <u>\$ (88,653)</u> | -87%                      |

State of New Mexico  
Aging and Long-Term Services Department

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

June 30, 2016

**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, 2016. The Department's change in net position (deficit) for the fiscal year ended June 30, 2016, was \$(11,605) decreased by \$77,048 over the prior period primarily due to an increase in general fund appropriations.

**Table A-2  
Statement of Activities**

|  | <u>FY16</u>         | <u>FY15</u>         | <u>Percent<br/>Change</u> |
|--|---------------------|---------------------|---------------------------|
| Revenues   |                     |                     |                           |
| Federal grants and contracts                           | \$ 15,788,257       | \$ 11,793,716       | 34%                       |
| Other  | 100,324             | 203,760             | -51%                      |
| Total revenues   | <u>15,888,581</u>   | <u>11,997,476</u>   | 32%                       |
| General revenues                                       |                     |                     |                           |
| State general fund appropriations,<br>net of reversion | 46,678,617          | 47,112,551          | -1%                       |
| Transfers from other state agencies                    | -                   | 3,154,578           | -100%                     |
| Bond proceeds appropriations                           | <u>10,188,952</u>   | <u>6,202,421</u>    | 64%                       |
| Total general revenue                                  | <u>56,867,569</u>   | <u>56,469,550</u>   | 1%                        |
| Total revenues and general revenues                    | 72,756,150          | 68,467,026          | 6%                        |
| Expenditures   | <u>(72,679,102)</u> | <u>(68,607,295)</u> | 6%                        |
| Change in net position                                 | 77,048              | (140,269)           | -155%                     |
| Net position (deficit), beginning, before restatement  | (88,653)            | 358,555             | -125%                     |
| Prior period restatement                               | <u>-</u>            | <u>(306,939)</u>    |                           |
| Net position, beginning, after restatement             | <u>(88,653)</u>     | <u>51,616</u>       | -272%                     |
| Net position (deficit), ending                         | <u>\$ (11,605)</u>  | <u>\$ (88,653)</u>  | -87%                      |

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

June 30, 2016

**BUDGETARY HIGHLIGHTS**

The Department's FY16 operating budget totaled \$63,854,673 from all funding sources, including a State General Fund appropriation of \$46,684,700, net of reversion to state general fund, which is a decrease of 1% from FY15. 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 in the amount of \$286,700.

**CAPITAL ASSETS**

The Department's investment in capital assets, net of accumulated depreciation is \$50,936, a net increase of \$35,290 or 225%. 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 size of New Mexico's senior population continues to grow while the financial environment at the national and state levels remains cautious. The Department continues to face a future of increasing needs of our clients and expanding programs. The Department expects to continue to see challenges with five percent decreases in future general fund dollars for the Aging Network, Adult Protective Services, the Aging and Disability Resource Center, and other program areas such as services for our family caregivers and our veterans.

**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:

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 (DEFICIT)**

June 30, 2016

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>CURRENT ASSETS</b>                               |                            |
| Interest in State General Fund Investment Pool      | \$ 4,595,867               |
| Petty cash  | 800                        |
| Receivables   |                            |
| Other, net  | 131                        |
| Due from federal government                         | 1,430,388                  |
| Due from other state agencies                       | 5,760,595                  |
| Total current assets                                | 11,787,781                 |
| <b>NON-CURRENT ASSETS</b>                           |                            |
| Capital assets                                      | 627,336                    |
| Accumulated depreciation                            | (576,400)                  |
| Total non-current assets                            | 50,936                     |
| Total assets  | \$ 11,838,717              |
| <b>CURRENT LIABILITIES</b>                          |                            |
| Accounts payable                                    | \$ 7,662,141               |
| Accrued payroll                                     | 588,003                    |
| Due to federal government                           | 22,547                     |
| Due to local governments                            | 342,388                    |
| Due to State General Fund Investment Pool           | 1,539,841                  |
| Due to State General Fund - reversion FY2016        | 908,375                    |
| Other liabilities                                   | 44,092                     |
| Current portion of compensated absences payable     | 520,054                    |
| Total current liabilities                           | 11,627,441                 |
| <b>LONG-TERM LIABILITIES</b>                        |                            |
| Non-current portion of compensated absences payable | 222,881                    |
| Total liabilities                                   | 11,850,322                 |
| <b>NET POSITION (DEFICIT)</b>                       |                            |
| Net investment in capital assets                    | 50,936                     |
| Restricted for:                                     |                            |
| Capital projects                                    | -                          |
| Aging conference                                    | 313,677                    |
| Unrestricted (deficit)                              | (376,218)                  |
| Total net position (deficit)                        | (11,605)                   |
| Total liabilities and net position (deficit)        | \$ 11,838,717              |

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, 2016

|   |                 | Program Revenues        |                     | Net (Expense)<br>Revenue<br>and Changes<br>in Net Assets |
|---|-----------------|-------------------------|---------------------|--|
|   | Expenses        | Charges for<br>Services | Operating<br>Grants | Governmental<br>Activities                               |
| GOVERNMENTAL ACTIVITIES   |                 |                         |                     |  |
| Aging and Long-Term Services                                      | \$ (72,679,102) | \$ 100,324              | \$ 15,788,257       | \$ (56,790,521)  |
| Total governmental activities                                     | \$ (72,679,102) | \$ 100,324              | \$ 15,788,257       | (56,790,521)   |
| GENERAL REVENUES  |                 |                         |                     |  |
| State General Fund appropriation                                  |                 |                         |                     | 47,592,700   |
| State appropriations - capital outlay                             |                 |                         |                     | 10,188,952   |
| Transfers from other state agencies - federal pass-through awards |                 |                         |                     | -  |
| Transfers to other state agencies - reversion FY2016              |                 |                         |                     | (914,083)  |
| Total general revenues and transfers                              |                 |                         |                     | 56,867,569   |
| Changes in net position   |                 |                         |                     | 77,048   |
| Net position (deficit), beginning                                 |                 |                         |                     | (88,653)   |
| Net position (deficit), ending                                    |                 |                         |                     | \$ (11,605)  |

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, 2016

|  | 04900<br>General<br>Fund | 62200<br>Conference on<br>Aging | 89200<br>Capital Projects | Non-Major<br>Funds | Total                |
|--|--------------------------|---------------------------------|---------------------------|--------------------|----------------------|
| <b>ASSETS</b>                                  |                          |                                 |                           |                    |                      |
| Interest in State General Fund Investment Pool | \$ 4,268,951             | \$ 319,480                      | \$ -                      | \$ 7,436           | \$ 4,595,867         |
| Petty cash                                     | 100                      | 700                             | -                         | -                  | 800                  |
| Receivables:                                   |                          |                                 |                           |                    |                      |
| Other, net                                     | 131                      | -                               | -                         | -                  | 131                  |
| Due from federal government                    | 1,430,388                | -                               | -                         | -                  | 1,430,388            |
| Due from other state agencies                  | 999                      | -                               | 5,759,120                 | 476                | 5,760,595            |
| Due from other funds                           | -                        | -                               | -                         | -                  | -                    |
| <b>Total assets</b>                            | <b>\$ 5,700,569</b>      | <b>\$ 320,180</b>               | <b>\$ 5,759,120</b>       | <b>\$ 7,912</b>    | <b>\$ 11,787,781</b> |
| <b>LIABILITIES</b>                             |                          |                                 |                           |                    |                      |
| Accounts payable                               | \$ 3,785,121             | \$ 129                          | \$ 3,876,891              | \$ -               | \$ 7,662,141         |
| Accrued payroll                                | 581,999                  | 6,004                           | -                         | -                  | 588,003              |
| Due to federal government                      | 22,547                   | -                               | -                         | -                  | 22,547               |
| Due to local governments                       | -                        | -                               | 342,388                   | -                  | 342,388              |
| Due to State General Fund Investment Pool      | -                        | -                               | 1,539,841                 | -                  | 1,539,841            |
| Due to State General Fund                      | 908,375                  | -                               | -                         | -                  | 908,375              |
| Due to other funds                             | -                        | -                               | -                         | -                  | -                    |
| Other liabilities                              | 43,722                   | 370                             | -                         | -                  | 44,092               |
| <b>Total liabilities</b>                       | <b>5,341,764</b>         | <b>6,503</b>                    | <b>5,759,120</b>          | <b>-</b>           | <b>11,107,387</b>    |
| <b>FUND BALANCES</b>                           |                          |                                 |                           |                    |                      |
| Restricted                                     | 358,805                  | 313,677                         | -                         | 7,912              | 680,394              |
| Unassigned (deficit)                           | -                        | -                               | -                         | -                  | -                    |
| <b>Total fund balances</b>                     | <b>358,805</b>           | <b>313,677</b>                  | <b>-</b>                  | <b>7,912</b>       | <b>680,394</b>       |
| <b>Total liabilities and fund balances</b>     | <b>\$ 5,700,569</b>      | <b>\$ 320,180</b>               | <b>\$ 5,759,120</b>       | <b>\$ 7,912</b>    | <b>\$ 11,787,781</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 BALANCE SHEET TO THE  
STATEMENT OF NET POSITION (DEFICIT) - GOVERNMENTAL FUNDS**

Year Ended June 30, 2016

|  |            |
|--|------------|
| Total Fund Balance - Governmental Funds<br>(Governmental Fund Balance Sheet) | \$ 680,394 |
|--|------------|

Amounts reported for governmental activities in the Statement of Net Position (Deficit) 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           | 627,336          |
| Accumulated depreciation | <u>(576,400)</u> |
| Total capital assets     | 50,936           |

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>(742,935)</u> |
|------------------------------|------------------|

|   |                    |
|---|--------------------|
| Net position (deficit) of governmental activities (Statement of Net Position (Deficit)) | <u>\$ (11,605)</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, 2016

|  | 04900<br>General<br>Fund | 62200<br>Conference on<br>Aging | 89200<br>Capital Projects | Non-Major<br>Funds | Total               |
|--|--------------------------|---------------------------------|---------------------------|--------------------|---------------------|
| <b>REVENUES</b>  |                          |                                 |                           |                    |                     |
| Fees and services  | \$ -                     | \$ 92,412                       | \$ -                      | \$ -               | \$ 92,412           |
| Federal grants and contracts   | 15,788,257               | -                               | -                         | -                  | 15,788,257          |
| Miscellaneous  | -                        | -                               | -                         | 7,912              | 7,912               |
| <b>Total revenues</b>  | <b>15,788,257</b>        | <b>92,412</b>                   | <b>-</b>                  | <b>7,912</b>       | <b>15,888,581</b>   |
| <b>EXPENDITURES</b>  |                          |                                 |                           |                    |                     |
| Current  |                          |                                 |                           |                    |                     |
| Other costs  | 35,817,856               | 20,926                          | 10,188,952                | -                  | 46,027,734          |
| Personal service and employee benefits                               | 15,776,096               | 38,670                          | -                         | -                  | 15,814,766          |
| Operating costs  | 5,947,849                | 26,447                          | -                         | -                  | 5,974,296           |
| Contractual services   | 4,222,643                | 2,679                           | -                         | -                  | 4,225,322           |
| Supplies   | 187,891                  | 912                             | -                         | -                  | 188,803             |
| Maintenance and repairs  | 276,793                  | -                               | -                         | -                  | 276,793             |
| In-state travel  | 110,736                  | 880                             | -                         | -                  | 111,616             |
| Out-of-state travel  | 27,574                   | -                               | -                         | -                  | 27,574              |
| Capital outlay   | 50,935                   | -                               | -                         | -                  | 50,935              |
| <b>Total expenditures</b>  | <b>62,418,373</b>        | <b>90,514</b>                   | <b>10,188,952</b>         | <b>-</b>           | <b>72,697,839</b>   |
| <b>DEFICIENCY OF REVENUES<br/>OVER EXPENDITURES</b>                  | <b>(46,630,116)</b>      | <b>1,898</b>                    | <b>(10,188,952)</b>       | <b>7,912</b>       | <b>(56,809,258)</b> |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                          |                                 |                           |                    |                     |
| State General Fund and special appropriations                        | 47,592,700               | -                               | -                         | -                  | 47,592,700          |
| Transfer of bond proceeds  | -                        | -                               | 10,188,952                | -                  | 10,188,952          |
| Transfers from other state agencies -<br>federal pass-through awards | -                        | -                               | -                         | -                  | -                   |
| Transfers from other state agencies -<br>compensation package        | -                        | -                               | -                         | -                  | -                   |
| Transfers between funds  | -                        | -                               | -                         | -                  | -                   |
| Transfers - Reversions to State General Fund<br>for FY2016           | (908,000)                | -                               | -                         | (6,083)            | (914,083)           |
| <b>Net other financing sources</b>                                   | <b>46,684,700</b>        | <b>-</b>                        | <b>10,188,952</b>         | <b>(6,083)</b>     | <b>56,867,569</b>   |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | <b>54,584</b>            | <b>1,898</b>                    | <b>-</b>                  | <b>1,829</b>       | <b>58,311</b>       |
| <b>FUND BALANCES, June 30, 2015</b>                                  | <b>304,221</b>           | <b>311,779</b>                  | <b>-</b>                  | <b>6,083</b>       | <b>622,083</b>      |
| <b>FUND BALANCES, June 30, 2016</b>                                  | <b>\$ 358,805</b>        | <b>\$ 313,677</b>               | <b>\$ -</b>               | <b>\$ 7,912</b>    | <b>\$ 680,394</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, 2016

|  |    |        |
|--|----|--------|
| Net Changes in Fund Balances - Total Governmental Funds<br>(Statement of Revenues, Expenditures, and Changes in Fund Balances) | \$ | 58,311 |
|--|----|--------|

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

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

|  |          |
|--|----------|
|  | (16,553) |
|--|----------|

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:

|                      |          |
|----------------------|----------|
| Additions            | 50,935   |
| Depreciation expense | (15,645) |
|                      | <hr/>    |

|   |    |               |
|---|----|---------------|
| Change in Net Position (Deficit) of Governmental Activities (Statement of Activities) | \$ | <u>77,048</u> |
|---|----|---------------|

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  
GENERAL FUND - FUND 04900 - ALL APPROPRIATIONS  
MAJOR GOVERNMENTAL FUND - GENERAL FUND**

Year Ended June 30, 2016

|  | Budgeted Amounts     |                      | Actual<br>Amounts | Variance From<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------|----------------------|-------------------|---|
|  | Original             | Final                |                   |   |
| <b>REVENUES:</b>   |                      |                      |                   |   |
| State general fund appropriations                                | \$ 47,879,400        | \$ 47,592,700        | \$ 47,592,700     | \$ -  |
| Federal grants   | 12,551,900           | 13,035,473           | 12,665,809        | (369,664)   |
| Intra-state transfers  | 3,097,600            | 3,097,600            | 3,093,442         | (4,158)   |
| Other fees and services  | 128,900              | 128,900              | 92,412            | (36,488)  |
| Miscellaneous  | -                    | -                    | 29,006            | 29,006  |
|  | <u>\$ 63,657,800</u> | <u>\$ 63,854,673</u> | <u>63,473,369</u> | <u>\$ (381,304)</u>                                     |
| <b>EXPENDITURES:</b>   |                      |                      |                   |   |
| Current:   |                      |                      |                   |   |
| Personnel services and benefits                                  | \$ 15,862,800        | \$ 16,006,840        | 15,814,766        | \$ 192,074  |
| Contractual services   | 4,553,800            | 4,379,050            | 4,225,322         | 153,728   |
| Other operating costs  | 43,241,200           | 43,468,783           | 42,468,799        | 999,984   |
| Other financing uses   | -                    | -                    | -                 | -   |
|  | <u>\$ 63,657,800</u> | <u>\$ 63,854,673</u> | <u>62,508,887</u> | <u>\$ 1,345,786</u>                                     |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER<br/>EXPENDITURES</b> |                      |                      | 964,482           |   |
| GAAP basis reconciliation  |                      |                      |                   |   |
| Reversion to state general fund                                  |                      |                      | (908,000)         |   |
| Net change in general fund balance (Fund 04900)                  |                      |                      | 56,482            |   |
| Conference on Aging fund balance (unbudgeted) (Fund 62200)       |                      |                      | 1,898             |   |
| Total net change in general fund balance (Fund 04900)            |                      |                      | <u>\$ 54,584</u>  |   |

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 special revenue fund (62200). Fund 04900 contains a reversion to the State General Fund in the amount of \$908,000. Fund 62200 is a special revenue fund presented as other fees and services within the general fund revenues that contains a net change in fund balance in the amount of \$1,898, 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, 2016

**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, 2016

**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 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. The net position of the Department consists of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the residual is net position. There were no deferred outflows or inflows of resources for the year ending June 30, 2016.

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. 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

2. Basic Financial Statements – Continued

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 is 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 – Governmental Fund Accounting

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 Funds** - Special Revenue Funds (SHARE Fund #62200 & #40210) are 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. SHARE Fund #40210 is used to account for the Senior Services Tax Contributions.

**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.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

4. Measurement Focus and Basis of Accounting

The government-wide financial statements follow the full accrual basis of accounting and 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. Revenue from appropriations is recognized in the fiscal year for which the appropriations 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 when applicable. 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 financial statements follow the modified accrual basis of accounting and are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 generally are recorded when a liability is incurred, as under accrual accounting. Expenditures, other than vacation, compensatory and with pay, are recorded when they are incurred. Expenditures related to compensated absences are recorded only when payment is due.

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.

The Department follows the Governmental Accounting Standards Board Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62) which codifies preexisting authoritative guidance from all sources into GASB standards and edits such standards for the government environment as appropriate.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

4. Measurement Focus and Basis of Accounting - Continued

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 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 follows 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. There were no unearned revenues as of the year ended June 30, 2016. There were no deferred inflows or outflows of resources to separately report at June 30, 2016.

The Department implemented Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurements and Application* (GASB 72), which establishes fair value standards for certain investments held by governmental entities. GASB 72 requires certain assets and liabilities to be measured at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 is effective for periods beginning after June 15, 2015. The Department had no assets or liabilities to separately measure or disclose at fair value at June 30, 2016.

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.

5. Interest in the State General Fund Investment Pool

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

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

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 2016, there were no estimated unallowable 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 in accordance with 12-6-10 NMSA 1978. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized.

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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

8. Accrued Compensated Absences – Continued

Qualified employees accumulate maximum annual leave as follows:

| Years of<br>Service | Hours Earned<br>Per Pay Period | Days of Maximum<br>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, 2016, over 600. Expenditures for accumulated sick pay for hours under 600 will be recognized as employees take such absences.

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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

9. Fund Balances and Net Position – Continued

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 Department 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, 2016, 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.

*Unrestricted Net Position* – represent unrestricted liquid assets.

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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

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.

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. Transfers Between Other State Agencies

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)

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.

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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

15. Non-Reverting Funds – Continued

Amounts due to the State General Fund for the year ending June 30, 2016 should be paid on or before September 30, 2016. Reversions are not budgeted.

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 (multi-year appropriations). When multi-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.

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” program 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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

16. Budgetary Data – Continued

- 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 re-budgeted for expenditures in the next fiscal year. Budgetary comparisons presented in the financial statements are on a modified accrual basis of accounting.
- 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 the 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.

17. Revenues 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.

Expenses 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.



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

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 Department 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.

21. GASB 68 Implementation

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), the State of New Mexico (the State) has implemented the standard for the fiscal year ending June 30, 2015.

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, total pension liability exceeds plan net position resulting in a net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

21. GASB 68 Implementation

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

22. 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.

23. Subsequent Events

Subsequent events have been evaluated through November 18, 2016, the date which the financials were available to be issued, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2016. Management believes no other material subsequent events have arisen that would require adjustment or disclosure.

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

Compliant with state law Section 6-10-3 (NMSA 1978), and to optimize state cash management and investment practices, funds of various state agencies are deposited in the State General Fund Investment Pool (SGFIP). This pool is managed by the New Mexico State Treasurer's Office (STO). Claims on the SGFIP are reported as financial assets by the various agencies investing in the SGIP.

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).

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

By state statute, the New Mexico Department of Finance & Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Various efforts have been made to reconcile the SGFIP from July 2006 to January 2013. Through correspondence, DFA provided an update through October 2015 as follows. The Financial Control Division (FCD) of DFA now has an operational model that effectively compares statewide claims against the SGFIP and resources held at the State Treasurer's Office. This process has been operational and has been reviewed by General Fund auditors, DFA and CAFR auditors.

During 2016, FCD was able to reinstate \$100 million of the amount that was recorded as a loss contingency. Additionally for fiscal year 2016, FCD is able to assert the following points:

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

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.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

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.

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, cash account balances 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.

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**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

Investment balances at June 30, 2016, consisted of the following:

|   |                     |
|---|---------------------|
| Deposits with State Treasurer - governmental activities | \$ 4,595,867        |
| Due to State Treasurer General Fund Investment Pool     | <u>(1,539,841)</u>  |
|   | <u>\$ 3,056,026</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 on page 56.

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, 2016.

**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 no amounts recorded as due to and due from interfund balances.

**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, 2016 consist of the following:

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**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

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

**Due from Other State Agencies**

| <b>Transfer FUND</b> | <b>Transfer DEPT.</b> | <b>DUE FROM</b>  | <b>Receiving Fund</b> | <b>Amount</b>       |
|----------------------|-----------------------|--|-----------------------|---------------------|
| 06700                | 69000                 | NM CYFD  | 04900                 | \$ 999              |
|                      |                       |  | Total General Fund    | <u>\$ 999</u>       |
| 81900                | 33300                 | Taxation & Revenue Department                            | 40210                 | \$ 476              |
| 11350                | 34103                 | DFA/SBOF - Capital Projects                              | 89200                 | 120,909             |
| 11440                | 34103                 | DFA/SBOF - Capital Projects                              | 89200                 | 513,404             |
| 11670                | 34103                 | DFA/SBOF - Capital Projects                              | 89200                 | 2,995,143           |
| 11720                | 34103                 | DFA/SBOF - Capital Projects                              | 89200                 | 512,518             |
| 11910                | 34103                 | DFA/SBOF - Capital Projects                              | 89200                 | 92,027              |
| 35160                | 34103                 | DFA/SBOF - Capital Projects                              | 89200                 | 1,453,543           |
| 50120                | 34103                 | DFA/SBOF - Capital Projects                              | 89200                 | 35,931              |
| 50230                | 34103                 | DFA/SBOF - Capital Projects                              | 89200                 | <u>35,645</u>       |
|                      |                       | Total Capital Projects and Tax Refund Contribution Funds |                       | <u>\$ 5,759,596</u> |

**Due to Other State Agencies**

| <b>Transfer FUND</b> | <b>Transfer DEPT.</b> | <b>DUE TO</b>               | <b>Receiving Fund</b> | <b>Amount</b>     |
|----------------------|-----------------------|-----------------------------|-----------------------|-------------------|
| 04900                | 34101                 | DFA/GF Reversion            | 85300                 | \$ 908,000        |
| 93100                | 34101                 | DFA/GF Reversion            | 85300                 | <u>230</u> *      |
|                      |                       |                             | Total General Fund    | <u>\$ 908,230</u> |
| 64800                | 34103                 | DFA/SBOF - Capital Projects | 10590                 | <u>\$ 5,853</u> * |
|                      |                       |                             | Total GO Bond         | <u>\$ 5,853</u>   |

\*Amounts paid before June 30, 2016.

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**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

**NOTE G – CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

|                                 | Balance<br>June 30, 2015 | Additions        | Deletions   | Transfers   | Balance<br>June 30, 2016 |
|---------------------------------|--------------------------|------------------|-------------|-------------|--------------------------|
| <b>Capital Assets</b>           |                          |                  |             |             |                          |
| Data processing equipment       | \$ 457,606               | \$ 45,923        | \$ -        | \$ -        | \$ 503,529               |
| Furniture and fixtures          | 74,221                   | 5,012            | -           | -           | 79,233                   |
| Equipment and machinery         | 44,574                   | -                | -           | -           | 44,574                   |
|                                 | <u>576,401</u>           | <u>50,935</u>    | <u>-</u>    | <u>-</u>    | <u>627,336</u>           |
| <b>Accumulated Depreciation</b> |                          |                  |             |             |                          |
| Data processing equipment       | (441,960)                | (15,645)         | -           | -           | (457,605)                |
| Furniture and fixtures          | (74,221)                 | -                | -           | -           | (74,221)                 |
| Equipment and machinery         | (44,574)                 | -                | -           | -           | (44,574)                 |
|                                 | <u>(560,755)</u>         | <u>(15,645)</u>  | <u>-</u>    | <u>-</u>    | <u>(576,400)</u>         |
| <b>Totals</b>                   | <u>\$ 15,646</u>         | <u>\$ 35,290</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 50,936</u>         |

Current year depreciation expense of \$15,645 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<br>June 30, 2015 | Additions  | Deletions    | Transfers | Balance<br>June 30, 2016 | Amount<br>Due Within<br>One Year |
|------------------------------|--------------------------|------------|--------------|-----------|--------------------------|----------------------------------|
| Compensated absences payable | \$ 726,382               | \$ 710,199 | \$ (693,646) | \$ -      | \$ 742,935               | \$ 520,054                       |

The Department's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. The general fund liquidates all compensated absence balances.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

**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, 2016 was \$1,024,521.

**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.

**NOTE K – REVERSIONS TO STATE GENERAL FUND**

Current year reversions for the State General Fund as of June 30, 2016 were as follows:

| Appropriation<br>Year | Fund Type    | SHARE<br>System Fund | Reversion         |
|-----------------------|--------------|----------------------|-------------------|
| Laws of 2015          | General Fund | 04900                | \$ 908,000        |
| Laws of 2007          | General Fund | 93100                | <u>230</u> *      |
|                       |              |                      | <u>\$ 908,230</u> |

\*Amount paid before June 30, 2016.

In accordance with statute Section 6-5-10(A) NMSA 1978, all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert. The balance of \$908,000 is payable at June 30, 2016 and due by September 30, 2016. This payable may be adjusted within 45 days of the release of this audit by the New Mexico Office of the State Auditor. The Department will pay the remainder of the reversions payable during fiscal year 2017.



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**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

**NOTE L – INTER-AGENCY TRANSFERS**

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

| <b>Transfers In</b>             |           | <b>Amount</b>        | <b>Description</b>                      |
|---------------------------------|-----------|----------------------|---|
| <b>From</b>                     | <b>To</b> |                      |   |
| 85300                           | 04900     | \$ 47,592,700        | Appropriation Allotment                 |
| 48900                           | 04900     | <u>29,006</u>        | Transfer from CYFD for Facts Protective |
| Total General Fund Transfers In |           | <u>\$ 47,621,706</u> |   |
| 11670                           | 89200     | \$ 5,490,061         | GOB Series 2013                         |
| 35160                           | 89200     | 2,352,040            | GOB Series 2015                         |
| 10590                           | 89200     | 2,346,851            | Severance Tax Bonds                     |
| 81900                           | 40210     | <u>7,912</u>         | Senior Services Tax Contributions       |
| Total Other Transfers In        |           | <u>\$ 10,196,864</u> |   |

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

Each year the Legislature approves multi-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).

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

**NOTE N – PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION –  
CONTINUED**

*GASB 68 - Financial Reporting and Disclosure for multiple employer Cost Sharing Pensions Plans by Employers:* Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the State of New Mexico has implemented the standard for the fiscal year ending June 30, 2015. The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental funds apply to the primary government as a whole, and as such, this information will be presented in the Component Appropriation Funds Annual Financial Report (General Fund) and the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

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

*Funding Policy.* Plan members are required to contribute 8.92% of their gross salary. The Department is required to contribute 16.99% 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, 2016, 2015, and 2014 were \$1,835,282, \$1,802,811, and \$1,712,696, 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, 2016

**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, 2016, the statute required each participating employer to contribute 2.00% of each participating employee's annual salary; each participating employee was required to contribute 1.00% of their salary. In the fiscal year ending June 30, 2016, the contribution rates for employees and employers will be as follows:

| <u>Fiscal Year</u> | <u>Employer Contribution Rate</u> | <u>Employee Contribution Rate</u> |
|--------------------|-----------------------------------|-----------------------------------|
| FY 16              | 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.

The Department's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$216,096, \$212,293, and \$206,825, respectively, which equal the required contributions for each year.

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**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

**NOTE P – RISK MANAGEMENT AND LITIGATION**

The Department is exposed to various risks of losses and 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 – 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. |                |           | ALTSD shall bill HSD monthly for Medicaid matching funds.   | 02/19/04  | Article VII | To designate the administrative, fiscal & programmatic responsibility for long-term care <b>ombudsman</b> services provided to Medicaid recipients.  |
| 05/27/03 | 03-630-73              | HSD       | NM Aging & Long-Term Services Depart. |                |           | ALTSD shall bill HSD monthly for Medicaid matching funds.   | 05/01/03  | Article IX  | To obtain services from ALTSD in order to match state funds appropriated to ALTSD with federal <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. |                |           | ALTSD 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 ALTSD 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 ALTSD for each 12 consecutive month period of agreement.                             | 08/13/04  | Section 8   | To designate to ALTSD the administrative & programmatic responsibility for the Medicaid programs including the <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, 2016

**NOTE Q – JOINT POWERS AGREEMENT DISCLOSURE – CONTINUED**

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. | 07/01/14  | 06/30/18                            | 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, 2016

**NOTE R – NEW ACCOUNTING STANDARDS**

GASB 74

Governmental Accounting Standards Board Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* is intended to enhance the decision-usefulness of the financial reports of OPEB plans, their value for assessing accountability and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. GASB 74 basically parallels GASB 67 and replaces Statements No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB 74 requires enhanced note disclosures and is effective for financial statements for fiscal years beginning after June 15, 2016 (FY 17).

GASB 75

Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. This statement applies to government employers who provide OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB 75 is effective for fiscal years beginning after June 15, 2017 (FY18).

GASB 76

Governmental Accounting Standards Board Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015 (FY17), and should be applied retroactively. Earlier application is permitted.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

June 30, 2016

**NOTE R – NEW ACCOUNTING STANDARDS – CONTINUED**

GASB 82

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

GASB 82 is effective for reporting periods beginning after June 15, 2016, except for the requirements of Paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of Paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

**SUPPLEMENTARY INFORMATION**



State of New Mexico  
Aging and Long-Term Services Department

**FUND DESCRIPTIONS**

June 30, 2016

**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.   |
| 40210                   | The Special Revenue Fund was established from the Laws of 2015, Chapter 50 to transfer tax refunds collected to ALTSD for Senior Services.  |
| 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. The fund balance is immaterial and is not presented in these financial statements. |
| 64800, 89200,<br>93100, | State Capital Outlay Funds (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, 2016

|  | 40210<br>Tax Refund Con-<br>tributions Senior | 64800<br>Capital Projects<br>Laws 2004 | 93100<br>Capital Projects | Total<br>Non-Major<br>Funds |
|--|---|--|---------------------------|-----------------------------|
| <b>ASSETS</b>                                  |   |  |                           |                             |
| Interest in State General Fund Investment Pool | \$ 7,436                                      | \$ -                                   | \$ -                      | \$ 7,436                    |
| Receivables:                                   |   |  |                           |                             |
| Other  | -   | -                                      | -                         | -                           |
| Due from federal government                    | -   | -                                      | -                         | -                           |
| Due from other state agencies                  | 476   | -                                      | -                         | 476                         |
| Due from other funds                           | -   | -                                      | -                         | -                           |
| Prepays  | -   | -                                      | -                         | -                           |
|  | <u>7,912</u>                                  | <u>-</u>                               | <u>-</u>                  | <u>7,912</u>                |
| Total assets                                   | <u>\$ 7,912</u>                               | <u>\$ -</u>                            | <u>\$ -</u>               | <u>\$ 7,912</u>             |
| <b>LIABILITIES</b>                             |   |  |                           |                             |
| Accounts payable                               | \$ -  | \$ -                                   | \$ -                      | \$ -                        |
| Accrued payroll                                | -   | -                                      | -                         | -                           |
| Unearned revenue                               | -   | -                                      | -                         | -                           |
| Due to federal government                      | -   | -                                      | -                         | -                           |
| Due to other state agencies                    | -   | -                                      | -                         | -                           |
| Due to State General Fund Investment Pool      | -   | -                                      | -                         | -                           |
| Due to other funds                             | -   | -                                      | -                         | -                           |
| Due to State General Fund                      | -   | -                                      | -                         | -                           |
| Due to local governments                       | -   | -                                      | -                         | -                           |
| Other liabilities                              | -   | -                                      | -                         | -                           |
|  | <u>-</u>                                      | <u>-</u>                               | <u>-</u>                  | <u>-</u>                    |
| Total liabilities                              | -   | -                                      | -                         | -                           |
| <b>FUND BALANCES:</b>                          |   |  |                           |                             |
| Fund balances                                  |   |  |                           |                             |
| Restricted                                     | 7,912   | -                                      | -                         | 7,912                       |
| Unassigned (deficit)                           | -   | -                                      | -                         | -                           |
|  | <u>7,912</u>                                  | <u>-</u>                               | <u>-</u>                  | <u>7,912</u>                |
| Total fund balances (deficit)                  | <u>7,912</u>                                  | <u>-</u>                               | <u>-</u>                  | <u>7,912</u>                |
|  | <u>\$ 7,912</u>                               | <u>\$ -</u>                            | <u>\$ -</u>               | <u>\$ 7,912</u>             |
| Total liabilities and fund balances            | <u>\$ 7,912</u>                               | <u>\$ -</u>                            | <u>\$ -</u>               | <u>\$ 7,912</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, 2016

|  | 40210<br>Tax Refund Con-<br>tribution Senior | 64800<br>Capital Projects<br>Laws 2004 | 93100<br>Capital Projects | Total<br>Non-Major<br>Funds |
|--|--|--|---------------------------|-----------------------------|
| <b>REVENUES</b>  |  |  |                           |                             |
| Fees and services  | \$ -   | \$ -                                   | \$ -                      | \$ -                        |
| Federal grants   | -  | -                                      | -                         | -                           |
| Other  | 7,912  | -                                      | -                         | 7,912                       |
|  | <hr/>  | <hr/>                                  | <hr/>                     | <hr/>                       |
| Total revenues   | 7,912  | -                                      | -                         | 7,912                       |
| <b>EXPENDITURES</b>  |  |  |                           |                             |
| Current  |  |  |                           |                             |
| Personnel services and employee benefits                             | -  | -                                      | -                         | -                           |
| In-state travel  | -  | -                                      | -                         | -                           |
| Supplies   | -  | -                                      | -                         | -                           |
| Operating costs  | -  | -                                      | -                         | -                           |
| Contractual costs  | -  | -                                      | -                         | -                           |
| Other costs  | -  | -                                      | -                         | -                           |
|  | <hr/>  | <hr/>                                  | <hr/>                     | <hr/>                       |
| Total expenditures   | -  | -                                      | -                         | -                           |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> |  |  |                           |                             |
|  | 7,912  | -                                      | -                         | 7,912                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |  |  |                           |                             |
| State general fund appropriations                                    | -  | -                                      | -                         | -                           |
| Reversions   | -  | (5,853)                                | (230)                     | (6,083)                     |
| Bond proceeds  | -  | -                                      | -                         | -                           |
| Transfers to local governments                                       | -  | -                                      | -                         | -                           |
| Transfers between funds  | -  | -                                      | -                         | -                           |
| Operating transfers in/out   | -  | -                                      | -                         | -                           |
|  | <hr/>  | <hr/>                                  | <hr/>                     | <hr/>                       |
| <b>NET OTHER FINANCING SOURCES (USES)</b>                            | -  | (5,853)                                | (230)                     | (6,083)                     |
| <b>NET CHANGE IN FUND BALANCES</b>                                   | 7,912  | (5,853)                                | (230)                     | 1,829                       |
| <b>FUND BALANCES (DEFICIT), June 30, 2015</b>                        | -  | 5,853                                  | 230                       | 6,083                       |
|  | <hr/>  | <hr/>                                  | <hr/>                     | <hr/>                       |
| <b>FUND BALANCES (DEFICIT), June 30, 2016</b>                        | <u>\$ 7,912</u>                              | <u>\$ -</u>                            | <u>\$ -</u>               | <u>\$ 7,912</u>             |

State of New Mexico  
Aging and Long-Term Services Department

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

Year Ended June 30, 2016

|  | Budgeted Amounts    |                     | Actual<br>Amounts | Variance From<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|-------------------|---|
|  | Original            | Final               |                   |   |
| <b>REVENUES:</b>   |                     |                     |                   |   |
| State general fund appropriations                                | \$ 3,970,500        | \$ 3,913,800        | \$ 3,913,800      | \$ -  |
| Federal grants   | 624,000             | 625,942             | 612,489           | (13,453)  |
| Intra-state transfers  | -                   | -                   | -                 | -   |
| Miscellaneous revenues   | -                   | -                   | -                 | -   |
| Other  | -                   | -                   | -                 | -   |
|  | <u>\$ 4,594,500</u> | <u>\$ 4,539,742</u> | <u>4,526,289</u>  | <u>\$ (13,453)</u>                                      |
| <b>EXPENDITURES:</b>   |                     |                     |                   |   |
| Current:   |                     |                     |                   |   |
| Personnel services and benefits                                  | \$ 4,129,700        | \$ 4,074,942        | 4,056,939         | \$ 18,003   |
| Contractual services   | 128,300             | 128,300             | 120,144           | 8,156   |
| Other operating costs  | 336,500             | 336,500             | 316,654           | 19,846  |
|  | <u>\$ 4,594,500</u> | <u>\$ 4,539,742</u> | <u>4,493,737</u>  | <u>\$ 46,005</u>  |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER<br/>EXPENDITURES</b> |                     |                     | 32,552            |   |
| GAAP basis reconciliation  |                     |                     |                   |   |
| Reversion to state general fund                                  |                     |                     | <u>(32,552)</u>   |   |
| Net change in fund balance GAAP                                  |                     |                     | <u>\$ -</u>       |   |

State of New Mexico  
Aging and Long-Term Services Department

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

Year Ended June 30, 2016

|   | Budgeted Amounts    |                     | Actual<br>Amounts | Variance From<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|-------------------|---|
|   | Original            | Final               |                   |   |
| REVENUES:   |                     |                     |                   |   |
| State general fund appropriations                       | \$ 2,197,700        | \$ 2,082,700        | \$ 2,082,700      | \$ -  |
| Federal grants  | 1,370,300           | 1,712,931           | 1,662,678         | (50,253)  |
| Intra-state transfers                                   | 599,000             | 599,000             | 600,000           | 1,000   |
| Other fees and services                                 | -                   | -                   | -                 | -   |
| Other   | -                   | -                   | -                 | -   |
|   |                     |                     |                   |   |
| Total revenues  | <u>\$ 4,167,000</u> | <u>\$ 4,394,631</u> | 4,345,378         | <u>\$ (49,253)</u>                                      |
| EXPENDITURES:   |                     |                     |                   |   |
| Current:  |                     |                     |                   |   |
| Personnel services and benefits                         | \$ 3,355,700        | \$ 3,604,498        | 3,504,867         | \$ 99,631   |
| Contractual services                                    | 292,000             | 182,250             | 150,663           | 31,587  |
| Other operating costs                                   | 519,300             | 607,883             | 580,947           | 26,936  |
|   |                     |                     |                   |   |
| Total expenditures                                      | <u>\$ 4,167,000</u> | <u>\$ 4,394,631</u> | 4,236,477         | <u>\$ 158,154</u>                                       |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER<br>EXPENDITURES |                     |                     | 108,901           |   |
| GAAP basis reconciliation                               |                     |                     |                   |   |
| Reversion to state general fund                         |                     |                     | <u>(83,322)</u>   |   |
| Net change in fund balance                              |                     |                     | <u>\$ 25,579</u>  |   |

State of New Mexico  
Aging and Long-Term Services Department

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

Year Ended June 30, 2016

|  | Budgeted Amounts     |                      | Actual<br>Amounts | Variance From<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------|----------------------|-------------------|---|
|  | Original             | Final                |                   |   |
| <b>REVENUES:</b>   |                      |                      |                   |   |
| State general fund appropriations                                | \$ 11,363,400        | \$ 11,248,400        | \$ 11,248,400     | \$ -  |
| Intra-state transfers  | 2,498,600            | 2,498,600            | 2,493,442         | (5,158)   |
| Miscellaneous  | -                    | -                    | 29,006            | 29,006  |
|  | <u>\$ 13,862,000</u> | <u>\$ 13,747,000</u> | <u>13,770,848</u> | <u>\$ 23,848</u>  |
| <b>EXPENDITURES:</b>   |                      |                      |                   |   |
| Current:   |                      |                      |                   |   |
| Personnel services and benefits                                  | \$ 8,251,900         | \$ 8,201,900         | 8,148,342         | \$ 53,558   |
| Contractual services   | 4,045,700            | 3,980,700            | 3,874,949         | 105,751   |
| Other operating costs  | 1,564,400            | 1,564,400            | 1,410,997         | 153,403   |
|  | <u>\$ 13,862,000</u> | <u>\$ 13,747,000</u> | <u>13,434,288</u> | <u>\$ 312,712</u>                                       |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER<br/>EXPENDITURES</b> |                      |                      | 336,560           |   |
| GAAP basis reconciliation  |                      |                      |                   |   |
| Reversion to state general fund                                  |                      |                      | (307,555)         |   |
| Net change in fund balance                                       |                      |                      | <u>\$ 29,005</u>  |   |

State of New Mexico  
Aging and Long-Term Services Department

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

Year Ended June 30, 2016

|  | Budgeted Amounts     |                      | Actual<br>Amounts | Variance From<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------|----------------------|-------------------|---|
|  | Original             | Final                |                   |   |
| <b>REVENUES:</b>   |                      |                      |                   |   |
| State general fund appropriations                                | \$ 30,347,800        | \$ 30,347,800        | \$ 30,347,800     | \$ -  |
| Federal grants   | 10,557,600           | 10,696,600           | 10,390,642        | (305,958)   |
| Intra-state transfers  | -                    | -                    | -                 | -   |
| Other fees and services  | 128,900              | 128,900              | 92,412            | (36,488)  |
| Miscellaneous  | -                    | -                    | -                 | -   |
| <b>Total revenues</b>  | <b>\$ 41,034,300</b> | <b>\$ 41,173,300</b> | <b>40,830,854</b> | <b>\$ (342,446)</b>                                     |
| <b>EXPENDITURES:</b>   |                      |                      |                   |   |
| Current:   |                      |                      |                   |   |
| Personnel services and benefits                                  | \$ 125,500           | \$ 125,500           | 104,618           | \$ 20,882   |
| Contractual services   | 87,800               | 87,800               | 79,566            | 8,234   |
| Other operating costs  | 40,821,000           | 40,960,000           | 40,160,201        | 799,799   |
| <b>Total expenditures</b>  | <b>\$ 41,034,300</b> | <b>\$ 41,173,300</b> | <b>40,344,385</b> | <b>\$ 828,915</b>                                       |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER<br/>EXPENDITURES</b> |                      |                      | 486,469           |   |
| GAAP basis reconciliation  |                      |                      |                   |   |
| Reversion to state general fund                                  |                      |                      | (484,571)         |   |
| <b>Net change in fund balance</b>                                |                      |                      | <b>\$ 1,898</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 (89200)**  
**MAJOR GOVERNMENTAL FUND**

Year Ended June 30, 2016

|  | Budgeted Amounts     |                      | Actual<br>Amounts | Variance From<br>Final Budget<br>Positive (Negative) |
|--|----------------------|----------------------|-------------------|--|
|  | Original             | Final                |                   |  |
| <b>REVENUES:</b>   |                      |                      |                   |  |
| State general fund appropriations                                | \$ -                 | \$ -                 | \$ -              | \$ -   |
| Other state funds  | -                    | -                    | -                 | -  |
| Federal grants   | -                    | -                    | -                 | -  |
| Other financing sources  | -                    | -                    | -                 | -  |
| Bond proceeds  | 10,188,952           | 10,188,952           | 10,188,952        | -  |
| Reversion  | -                    | -                    | -                 | -  |
|  | <u>-</u>             | <u>-</u>             | <u>-</u>          | <u>-</u>   |
| Total revenues   | <u>\$ 10,188,952</u> | <u>\$ 10,188,952</u> | 10,188,952        | <u>\$ -</u>  |
| <b>EXPENDITURES - current:</b>                                   |                      |                      |                   |  |
| Personnel services and benefits                                  | \$ -                 | \$ -                 | -                 | \$ -   |
| Contractual services   | -                    | -                    | -                 | -  |
| Other operating costs  | 10,188,952           | 10,188,952           | 10,188,952        | -  |
| Other financing uses   | -                    | -                    | -                 | -  |
| Operating transfers  | -                    | -                    | -                 | -  |
|  | <u>-</u>             | <u>-</u>             | <u>-</u>          | <u>-</u>   |
| Total expenditures   | <u>\$ 10,188,952</u> | <u>\$ 10,188,952</u> | 10,188,952        | <u>\$ -</u>  |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER<br/>EXPENDITURES</b> |                      |                      |                   |  |
|  |                      |                      | -                 |  |
| <b>GAAP basis reconciliation</b>                                 |                      |                      |                   |  |
| Reversion to state general fund                                  |                      |                      | <u>-</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 -**  
**SENIOR SERVICES TAX CONTRIBUTIONS FUND (40210)**  
**NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2016

|  | Budgeted Amounts |             | Actual<br>Amounts | Variance From<br>Final Budget<br>Positive (Negative) |
|--|------------------|-------------|-------------------|--|
|  | Original         | Final       |                   |  |
| <b>REVENUES:</b>   |                  |             |                   |  |
| State general fund appropriations                                | \$ -             | \$ -        | \$ -              | \$ -   |
| Other state funds  | -                | -           | -                 | -  |
| Federal grants   | -                | -           | -                 | -  |
| Other financing sources  | -                | -           | 7,912             | 7,912  |
| Bond proceeds  | -                | -           | -                 | -  |
| Reversion  | -                | -           | -                 | -  |
|  | <u>-</u>         | <u>-</u>    | <u>-</u>          | <u>-</u>   |
| Total revenues   | <u>\$ -</u>      | <u>\$ -</u> | 7,912             | <u>\$ 7,912</u>                                      |
| <b>EXPENDITURES - current:</b>                                   |                  |             |                   |  |
| Personnel services and benefits                                  | \$ -             | \$ -        | -                 | \$ -   |
| Contractual services   | -                | -           | -                 | -  |
| Other operating costs  | -                | -           | -                 | -  |
| Other financing uses   | -                | -           | -                 | -  |
| Operating transfers  | -                | -           | -                 | -  |
|  | <u>-</u>         | <u>-</u>    | <u>-</u>          | <u>-</u>   |
| Total expenditures   | <u>\$ -</u>      | <u>\$ -</u> | -                 | <u>\$ -</u>  |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER<br/>EXPENDITURES</b> |                  |             | 7,912             |  |
| <b>GAAP basis reconciliation</b>                                 |                  |             |                   |  |
| Reversion to state general fund                                  |                  |             | <u>-</u>          |  |
| <b>Net change in fund balance</b>                                |                  |             | <u>\$ 7,912</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 (64800)**  
**NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2016

|  | Budgeted Amounts |             | Actual<br>Amounts | Variance From<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-------------|-------------------|---|
|  | Original         | Final       |                   |   |
| <b>REVENUES:</b>   |                  |             |                   |   |
| State general fund appropriations                                | \$ -             | \$ -        | \$ -              | \$ -  |
| Other state funds  | -                | -           | -                 | -   |
| Federal grants   | -                | -           | -                 | -   |
| Other financing sources  | -                | -           | -                 | -   |
| Bond proceeds  | -                | -           | -                 | -   |
| Reversion  | -                | -           | -                 | -   |
|  | <u>-</u>         | <u>-</u>    | <u>-</u>          | <u>-</u>  |
| Total revenues   | <u>\$ -</u>      | <u>\$ -</u> | -                 | <u>\$ -</u>   |
| <b>EXPENDITURES - current:</b>                                   |                  |             |                   |   |
| Personnel services and benefits                                  | \$ -             | \$ -        | -                 | \$ -  |
| Contractual services   | -                | -           | -                 | -   |
| Other operating costs  | -                | -           | -                 | -   |
| Other financing uses   | -                | -           | -                 | -   |
| Operating transfers  | -                | -           | -                 | -   |
|  | <u>-</u>         | <u>-</u>    | <u>-</u>          | <u>-</u>  |
| Total expenditures   | <u>\$ -</u>      | <u>\$ -</u> | -                 | <u>\$ -</u>   |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER<br/>EXPENDITURES</b> |                  |             | -                 |   |
| <b>GAAP basis reconciliation</b>                                 |                  |             |                   |   |
| Reversion to state general fund                                  |                  |             | <u>(5,853)</u>    |   |
| Net change in fund balance                                       |                  |             | <u>\$ (5,853)</u> |   |

Inactive funds with little 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 MULTI-YEAR CAPITAL PROJECTS FUNDED BY SPECIAL  
AND SEVERANCE TAX CAPITAL OUTLAY APPROPRIATIONS FROM THE STATE**

As of June 30, 2016

| Project Description                   | Authority/Chapter                  | Laws         | Appropriation<br>Period | Expiration | SHARE<br>Fund |
|---------------------------------------|------------------------------------|--------------|-------------------------|------------|---------------|
| <u>General Obligation Bonds (GOB)</u> | Chapter 54, Section 10A (GOB13)    | Laws of 2012 | FY13 - FY16             | 6/30/16    | 89200         |
|                                       | Chapter 65, Section 10A (GOB15)    | Laws of 2014 | FY15 - FY18             | 6/30/18    | 89200         |
| Total General Obligation Bonds        |                                    |              |                         |            |               |
| <u>Severance Tax Bonds (STB)</u>      | Chapter 105, Section 18A (STB08SA) | Laws of 2010 | FY07 - FY18             | 6/30/18    | 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         |
|                                       | Chapter 226, Section 5 (STB13SD)   | Laws of 2013 | FY13 - FY17             | 6/30/17    | 89200         |
|                                       | Chapter 66, Section 4 (STB14A)     | Laws of 2014 | FY13 - FY18             | 6/30/18    | 89200         |
|                                       | Chapter 66, Section 4 (STB14SC)    | Laws of 2014 | FY13 - FY18             | 6/30/18    | 89200         |
|                                       | Chapter 3, Section 3 (STB15A)      | Laws of 2015 | FY14 - FY19             | 6/30/19    | 89200         |
|                                       | Chapter 3, Section 3 (STB15SA)     | Laws of 2015 | FY14 - FY19             | 6/30/19    | 89200         |
|                                       | Chapter 3, Section 3 (STB15SC)     | Laws of 2015 | FY14 - FY19             | 6/30/19    | 89200         |
|                                       | Chapter 81, Section 4 (STB16A)     | Laws of 2016 | FY15 - FY20             | 6/30/20    | 89200         |
| Total Severance Tax Bonds             |                                    |              |                         |            |               |
| Total Capital Appropriations          |                                    |              |                         |            |               |

A. The unencumbered balances are expected to be reverted by the State Board of Finance during FY2017. Unencumbered balances represents unspent funds on completed capital projects to which funds reside with the State Board of Finance. The Department submits cost-reimbursement billings when funds are expended on projects. The Department has never received cash from the State Board of Finance in advance, therefore reversion by the Department is not applicable. Once the State Board of Finance provides the Department notice it has reverted the unencumbered funds on expired projects back to the State Treasurer, these expired projects will be removed from this schedule.

B. The State Board of Finance reverted \$78,401 to the State Treasurer during 2016 for cash that it had received, but funds were never expended and therefore the Department never drew down or received these funds.

SCHEDULE 8

| Total<br>Appropriation | Bonds<br>Unsold | Amount<br>Available  | Prior Year<br>Expenditures | Current Year<br>Expenditures | Art in Public<br>Places | Reversion<br>Amount | Unencumbered<br>Balance |
|------------------------|-----------------|----------------------|----------------------------|------------------------------|-------------------------|---------------------|-------------------------|
| \$ 10,200,500          | \$ -            | \$ 10,200,500        | \$ 3,578,255               | \$ 5,490,060                 | \$ -                    | \$ -                | \$ 1,132,185 A          |
| 16,433,440             | -               | 16,433,440           | -                          | 2,352,040                    | 30,073                  | -                   | 14,051,327              |
| <u>\$ 26,633,940</u>   | <u>\$ -</u>     | <u>\$ 26,633,940</u> | <u>\$ 3,578,255</u>        | <u>\$ 7,842,100</u>          | <u>\$ 30,073</u>        | <u>\$ -</u>         | <u>\$ 15,183,512</u>    |
| \$ 361,675             | \$ -            | \$ 361,675           | \$ -                       | \$ -                         | \$ -                    | \$ -                | \$ 361,675              |
| 3,861,000              | -               | 3,861,000            | 2,854,814                  | 464,697                      | -                       | 78,401 B            | 463,088 A               |
| 2,000,000              | -               | 2,000,000            | 1,365,041                  | 535,013                      | 16,500                  | -                   | 83,446 A                |
| 3,997,292              | -               | 3,997,292            | 2,118,992                  | 1,046,263                    | 9,950                   | -                   | 822,087                 |
| 121,100                | -               | 121,100              | -                          | 115,235                      | -                       | -                   | 5,865                   |
| 277,500                | -               | 277,500              | -                          | 114,068                      | 2,275                   | -                   | 161,157                 |
| 200,000                | -               | 200,000              | -                          | -                            | -                       | -                   | 200,000                 |
| 8,159,850              | -               | 8,159,850            | -                          | 35,645                       | 31,508                  | -                   | 8,092,697               |
| 2,929,000              | -               | 2,929,000            | -                          | 35,931                       | 26,000                  | -                   | 2,867,069               |
| 101,100                | -               | 101,100              | -                          | -                            | -                       | -                   | 101,100                 |
| 204,000                | -               | 204,000              | -                          | -                            | 1,240                   | -                   | 202,760                 |
| <u>\$ 22,212,517</u>   | <u>\$ -</u>     | <u>\$ 22,212,517</u> | <u>\$ 6,338,847</u>        | <u>\$ 2,346,852</u>          | <u>\$ 87,473</u>        | <u>\$ 78,401</u>    | <u>\$ 13,360,944</u>    |
| <u>\$ 48,846,457</u>   | <u>\$ -</u>     | <u>\$ 48,846,457</u> | <u>\$ 9,917,102</u>        | <u>\$ 10,188,952</u>         | <u>\$ 117,546</u>       | <u>\$ 78,401</u>    | <u>\$ 28,544,456</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, 2016

| <u>Name of<br/>Depository</u>                                | <u>Account Name</u>                         | <u>Fund Type</u> | <u>Type of<br/>Account</u> | <u>Interest<br/>Bearing</u> | <u>Reconciled<br/>Balance at<br/>June 30, 2016</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                          | \$ 4,268,951                                       |
| <b><u>Special Revenue Fund</u></b>                           |   |                  |                            |                             |  |
| State Treasurer  | Conference on Aging (Fund 62200)            | Special Revenue  | State Treasurer            | No                          | 319,480  |
| State Treasurer  | Supplemental Senior Services (Fund 40210)   | Special Revenue  | State Treasurer            | No                          | <u>7,436</u>                                       |
|  |   |                  |                            |                             | 4,595,867  |
| <b><u>Due to State Treasurer Investment Pool</u></b>         |   |                  |                            |                             |  |
| State Treasurer  | Capital Projects, Laws of 2013 (Fund 89200) | Capital Project  | State Treasurer            | No                          | <u>(1,539,841)</u>                                 |
|  |   |                  |                            |                             | <u>(1,539,841)</u>                                 |
| <b>Total Interest in State General Fund Investment Pool</b>  |   |                  |                            |                             | <b><u>\$ 3,056,026</u></b>                         |

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000  
(EXCLUDING GRT) - (UNAUDITED)**

For the Year Ended June 30, 2016

| RFB#/RFP# (If applicable)                        | Type of Procurement      | Vendor Name                               | Did Vendor Win Contract? | \$ Amount of Awarded Contract | \$ Amount of Amended Contract | Physical address of vendor (City, State) | Did the Vendor provide documentation of eligibility for in-state preference? | Did the Vendor provide documentation of eligibility for veterans' preference? | Brief Description of the Scope of Work   |
|--|--------------------------|---|--------------------------|-------------------------------|-------------------------------|--|--|---|--|
| RFP# 50-624-15-01241 ALTSD Volunteer Programs    | Competitive (RFP or RFB) | Chaves County JOY Centers                 | Winner                   | 137,362.00                    |                               | Roswell, NM                              | N  | N   | Foster Grandparent Program, Senior Companion program Volunteer Services                |
| RFP# 50-624-15-01241 ALTSD Volunteer Programs    | Competitive (RFP or RFB) | Citizens for the Developmentally Disabled | Winner                   | 117,200.00                    |                               | Raton, NM                                | N  | N   | Foster Grandparent Program, Senior Companion Program                                   |
| RFP# 50-624-15-01241 ALTSD Volunteer Programs    | Competitive (RFP or RFB) | Community Services Center                 | Winner                   | 235,475.00                    |                               | Portales, NM                             | N  | N   | Foster Grandparent Program, Senior Companion Program, Retired Senior Volunteer Program |
| RFP# 50-624-15-01241 ALTSD Volunteer Programs    | Competitive (RFP or RFB) | Concilio Campesino del Sudoeste, Inc.     | Winner                   | 942,195.00                    |                               | Las Cruces, NM                           | N  | N   | Foster Grandparent Program, Senior Companion Program, Retired Senior Volunteer Program |
| RFP# 50-624-15-01241 ALTSD Volunteer Programs    | Competitive (RFP or RFB) | Deming Luna County Commission on Aging    | Winner                   | 178,720.00                    |                               | Deming, NM                               | N  | N   | Foster Grandparent Program, Senior Companion Program, Retired Senior Volunteer Program |
| RFP# 50-624-15-01241 ALTSD Volunteer Programs    | Competitive (RFP or RFB) | HELP New Mexico, Inc.                     | Winner                   | 531,850.00                    |                               | Albuquerque, NM                          | N  | N   | Foster Grandparent Program, Senior Companion Program                                   |
| RFP# 50-624-15-01241 ALTSD Volunteer Programs    | Competitive (RFP or RFB) | Northwest New Mexico Seniors, Inc.        | Winner                   | 531,750.00                    |                               | Farmington, NM                           | N  | N   | Senior Companion Program   |
| RFP# 50-624-15-01241 ALTSD Volunteer Programs    | Competitive (RFP or RFB) | Sierra Joint Office on Aging              | Winner                   | 81,634.00                     |                               | T or C, NM                               | N  | N   | Foster Grandparent Program, Senior Companion Program                                   |
| RFP# 50-624-15-01241 ALTSD Volunteer Programs    | Competitive (RFP or RFB) | Southeast NM Community Action Corporation | Winner                   | 195,650.00                    |                               | Carlsbad, NM                             | N  | N   | Foster Grandparent Program, Senior Companion Program                                   |
| Price Agreement#40-624-13-01181/15-624-1000-0012 | Competitive (RFP or RFB) | Synergy Software Tech Inc                 | Winner                   | 446,682.87                    |                               | Essex Junction, VT                       | N  | N   | SAMS Application   |
| 16-624-3000-0018                                 | Competitive (RFP or RFB) | Community Services Center                 | Winner                   | 80,000.00                     |                               | Portales, NM                             | N  | N   | Day Care Services  |
| 16-624-3000-0019                                 | Competitive (RFP or RFB) | Cornucopia Inc                            | Winner                   | 200,000.00                    |                               | Albuquerque, NM                          | N  | N   | Day Care Services  |
| 16-624-3000-0021                                 | Competitive (RFP or RFB) | La Vida Felicidad Inc.                    | Winner                   | 100,000.00                    |                               | Los Lunas, NM                            | N  | N   | Day Care Services  |
| 16-624-3000-0023                                 | Competitive (RFP or RFB) | Mora Valley Community Health Services     | Winner                   | 81,000.00                     |                               | Mora, NM                                 | N  | N   | Day Care Services  |
| 16-624-3000-0025                                 | Competitive (RFP or RFB) | Share Your Care Inc.                      | Winner                   | 100,000.00                    |                               | Albuquerque, NM                          | N  | N   | Day Care Services  |

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000  
(EXCLUDING GRT) - (UNAUDITED) - CONTINUED**

For the Year Ended June 30, 2016

| RFB#/RFP# (If applicable) | Type of Procurement      | Vendor Name                                 | Did Vendor Win Contract? | \$ Amount of Awarded Contract | \$ Amount of Amended Contract | Physical address of vendor (City, State) | Did the Vendor provide documentation of eligibility for in-state preference? | Did the Vendor provide documentation of eligibility for veterans' preference? | Brief Description of the Scope of Work |
|---------------------------|--------------------------|---|--------------------------|-------------------------------|-------------------------------|--|--|---|--|
| 50-624-14-01214AA-02      | Competitive (RFP or RFB) | Addus Health Care                           | Winner                   | 887,000.00                    |                               | Albuquerque, NM                          | No   | No  | Home Care Services                     |
| 50-624-14-01214AB-02      | Competitive (RFP or RFB) | Alamogordo Home Health Care & Hospice       | Winner                   | 150,000.00                    |                               | Alamogordo, NM                           | No   | No  | Home Care Services                     |
| 50-624-14-01214AC-01      | Competitive (RFP or RFB) | Care-A-Van Services                         | Winner                   | 160,000.00                    |                               | Hobbs, NM                                | No   | No  | Home Care Services                     |
| 50-624-14-01214AD-02      | Competitive (RFP or RFB) | Clovis Home Care                            | Winner                   | 150,000.00                    |                               | Clovis, NM                               | No   | No  | Home Care Services                     |
| 50-624-14-01214AE-01      | Competitive (RFP or RFB) | Next Phase dba Comfort Keepers              | Winner                   | 151,000.00                    |                               | Roswell, NM                              | No   | No  | Home Care Services                     |
| 50-624-14-01214AF-01      | Competitive (RFP or RFB) | Deming/Luna Co. Commission on Aging         | Winner                   | 170,000.00                    |                               | Deming, NM                               | No   | No  | Home Care Services                     |
| 50-624-14-01214AG-01      | Competitive (RFP or RFB) | El Mirador, Inc.                            | Winner                   | 192,000.00                    | \$100,000.00                  | Albuquerque, NM                          | No   | No  | Home Care Services                     |
| 50-624-14-01214AH-01      | Competitive (RFP or RFB) | JCH Enterprises dba Golden Svc              | Winner                   | 125,000.00                    |                               | Carlsbad, NM                             | No   | No  | Home Care Services                     |
| 50-624-14-01214AI-02      | Competitive (RFP or RFB) | La Vida Felicidad, Inc.                     | Winner                   | 300,000.00                    |                               | Los Lunas, NM                            | No   | No  | Home Care Services                     |
| 50-624-14-01214AJ-01      | Competitive (RFP or RFB) | Mora Valley Community Health Services       | Winner                   | 120,000.00                    |                               | Mora, NM                                 | No   | No  | Home Care Services                     |
| 50-624-14-01214AK-01      | Competitive (RFP or RFB) | Options, Inc.                               | Winner                   | 136,000.00                    | \$66,000.00                   | Albuquerque, NM                          | No   | No  | Home Care Services                     |
| 50-624-14-01214AL-01      | Competitive (RFP or RFB) | Sierra Joint Office on Aging                | Winner                   | 120,000.00                    |                               | T or C, NM                               | No   | No  | Home Care Services                     |
| 50-624-14-01214AM-01      | Competitive (RFP or RFB) | Siete Del Norte Community Development Corp. | Winner                   | 160,000.00                    |                               | Embudo, NM                               | No   | No  | Home Care Services                     |

State of New Mexico  
Aging and Long-Term Services Department

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

As of June 30, 2016

| <u>Federal Agency</u>  | <u>Pass-Through<br/>Award Number</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures<br/>as of<br/>06/30/2016</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                             | \$ 2,493,442   |
| HSD  |                                      |                                    |  |
| Medical Assistance Program   | 12-630-8000-0014                     | 93.778                             | <u>600,000</u>   |
| <b>Total HHS Pass-Through Awards</b>   |                                      |                                    | 3,093,442  |
| <b>Direct Awards:</b>  |                                      |                                    |  |
| Aging Cluster:   |                                      |                                    |  |
| Special Programs for the Aging - Title III, Part B -<br>Grants for Supportive Services and Senior Centers                    |                                      | 93.044                             | 2,293,742  |
| Special Programs for the Aging - Title III, Part C -<br>Nutrition Services   |                                      | 93.045                             | 4,991,726  |
| Nutrition Services Incentive Program   |                                      | 93.053                             | <u>2,279,500</u>   |
| <b>Total Aging Cluster</b>   |                                      |                                    | 9,564,968  |
| Special Programs for the Aging - Title III, Part D -<br>Disease Prevention and Health Promotion Services                     |                                      | 93.043                             | 145,500  |
| National Family Caregiver Support - Title III, Part E  |                                      | 93.052                             | 1,187,375  |
| Special Programs for the Aging - Title VII, Chapter 3 - Programs<br>for Prevention of Elder Abuse, Neglect, and Exploitation |                                      | 93.041                             | 27,332   |
| Special Programs for the Aging - Title VII, Chapter 2 - Long Term<br>Care Ombudsman Services for Older Individuals           |                                      | 93.042                             | 103,058  |
| Special Programs for the Aging - Title IV and Title II -<br>Discretionary Projects - Recovery                                |                                      | 93.048                             | 446,745  |
| Medicare Enrollment Assistance Program   |                                      | 93.071                             | 206,646  |
| State Health Insurance Assistance Program  |                                      | 93.324                             | <u>472,418</u>   |
| <b>Total HHS Direct Awards</b>   |                                      |                                    | 12,154,042   |
| <b>U.S. Department of Labor (DOL)</b>  |                                      |                                    |  |
| Senior Community Services Employment Program   |                                      | 17.235                             | <u>486,189</u>   |
| <b>Total DOL Direct Awards</b>   |                                      |                                    | <u>486,189</u>   |
| <b>Total Federal Awards</b>  |                                      |                                    | <u>\$ 15,733,673</u>                                     |

Note: Excludes other federal reimbursements in the amount of \$25,578.



State of New Mexico  
Aging and Long-Term Services Department

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

June 30, 2016

**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, 2016. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards*. 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. The Department elected not to use the 10% de minimis indirect cost rate.

**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 the Uniform Guidance, 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 | \$ 1,912,842        |
| 93.045      | Title III C1 & C2 | City of Albuquerque / North Central | 4,593,930           |
| 93.043      | Title III D       | City of Albuquerque / North Central | 145,500             |
| 93.052      | Title III E       | City of Albuquerque / North Central | 1,077,258           |
| 93.053      | NSIP              | City of Albuquerque / North Central | 1,996,470           |
|             |                   | Total                               | <u>\$ 9,726,000</u> |

**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. Timothy Keller  
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, 2016, 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 and budgetary comparisons for components of the general fund of the Department presented as supplementary information, and have issued our report thereon dated November 18, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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, we did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2014-008 and 2016-001 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and 2.2.2 NMAC, which are described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003.

### **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.

ATKINSON & CO., LTD

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
November 18, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

State of New Mexico  
Aging and Long Term Services Department  
and  
Mr. Timothy Keller  
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 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, 2016. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statute, regulations, and the terms and conditions of its federal awards 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 audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2016.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2014-008, 2016-001, 2016-002 and 2016-003. 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-008 and 2016-001 that we consider to be significant deficiencies.

The Department's response to the internal control over compliance findings identified in our audit is 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ATKINSON & CO., LTD

**Atkinson & Co., Ltd.**

Albuquerque, New Mexico  
November 18, 2016

State of New Mexico  
Aging and Long Term Services Department

**SUMMARY OF AUDIT FINDINGS**

Year ended June 30, 2016

**A. SUMMARY OF AUDITORS' RESULTS**

***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 2 CFR 200.516(a)? \_\_\_\_\_   X   Yes \_\_\_\_\_ No

Identification of Major Programs:

| <i>CFDA Numbers</i>    | <i>Name of Federal Program or Cluster</i>   |
|------------------------|---|
| 93.044, 93.045, 93.053 | Aging Cluster                               |
| 17.235                 | Senior Community Service Employment Program |

Dollar threshold used to distinguish between Type A and Type B programs   \$750,000  

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2016

**Current Year Findings Description**

*Findings – Financial Statement Audit*

None

*Federal Award Findings and Questioned Costs*

2014-008 Eligibility (Significant Deficiency and Other Noncompliance) – Modified and Repeated  
2016-001 Segregation of duties - payroll (Significant Deficiency)  
2016-002 Subrecipient Monitoring (Other Noncompliance)  
2016-003 Earmarking (Control Deficiency)

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

None

**Prior Year Findings Description**

**Status**

|   |                       |
|---|-----------------------|
| 2014-008 Eligibility  | Modified and Repeated |
| 2015-001 Sale of Public Property (Other Non-Compliance)       | Resolved              |
| 2015-002 Timely Remittance of Deposits (Other Non-Compliance) | Resolved              |



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

June 30, 2016

**B. FEDERAL AWARD FINDING AND QUESTIONED COSTS**

**2014-008 Eligibility (Significant Deficiency and Other Noncompliance) – Modified and Repeated**

**CFDA Number: 17.235**

**Title: Senior Community Service Employment Program**

**Agency: Department of Labor – Employment Training Administration**

**Project Number: AD-26878-15-55-A-35**

**Year: Fiscal year ending June 30, 2016**

**CONDITION**

During review of 10 participant files for eligibility testing under the SCSEP program, there were 2 instances identified in which no supporting documentation for family size was on file. In addition, 2 instances were identified in which participant eligibility was not determined within 12 months. We noted management implemented a review process that a supervisor review and approve eligibility prior to the participant entering into the program. The instances found during our audit this year pertained to re-certification and updating renewal documentation of existing participants. We did not identify any questioned costs during our procedures.

**CRITERIA**

The Department of Labor regulations at 20 CFR Section 641.500 stipulate that a participant's family income during the 12-month period preceding the participant's application date must be less than 125 percent of the family income levels prepared by the Department of Health and Human Services and approved by OMB. Documentation of family size is required to determine whether the participant's family income meets eligibility thresholds.

The Department of Labor regulations at 20 CFR Section 641.505 requires the grantee to verify continued eligibility of SCSEP participants at least once every 12 months.

**CAUSE**

The employee responsible copied the previous year's information or did not obtain appropriate documentation of family size. The employee responsible was unaware of when the 12-month period for determining continued eligibility of the participant had expired.

**EFFECT**

The participant file did not contain sufficient supporting documentation to demonstrate participant eligibility at time of application and continued participant eligibility was not evaluated at least once every 12 months.

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

June 30, 2016

**B. FEDERAL AWARD FINDING AND QUESTIONED COSTS – CONTINUED**

**2014-008 Eligibility (Significant Deficiency and Other Noncompliance) – Modified and Repeated – Continued**

**RECOMMENDATION**

We recommend that the Department implement procedures to ensure that all supporting documentation required to determine participant eligibility is on file prior to approving participant enrollment and that procedures be implemented to ensure that continued eligibility is evaluated at least once every 12 months.

**VIEWS OF RESPONSIBLE OFFICIALS**

Management concurs with the finding.

**CORRECTIVE ACTION PLAN**

Management has addressed the issue of copying previous year's information, rather than obtaining current information, by quarterly in-service training for all SCSEP staff and periodic audits of files. The first such audit was conducted in April and May of 2016. The two files cited in this finding are from participants who exited the program before this audit, and were unavailable to provide current documentation. A manager now signs off on all income eligibility worksheets, at the time of enrollment and each year at recertification.

Management has also addressed the issue of late redetermination of eligibility by providing a list of all SCSEP participants, with their recertification due date, to all SCSEP staff at each quarterly in-service training. A notice of separation is now sent to participants 30 days before their recertification due date, stating that if proper documentation is not received by the due date, the participant will be exited from the program.

**POINT OF CONTACT**

Doug Calderwood, Senior Employment Program Bureau Chief, Aging Network Division, Aging and Long-Term Services Department, 505-476-4799.

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

June 30, 2016

**B. FEDERAL AWARD FINDING AND QUESTIONED COSTS - CONTINUED**

**2016-001 Segregation of Duties – Payroll (Significant Deficiency)**

**CFDA Number: 17.235**

**Title: Senior Community Service Employment Program**

**Agency: Department of Labor – Employment Training Administration**

**Project Number: AD-26878-15-55-A-35**

**Year: Fiscal year ending June 30, 2016**

**CONDITION**

During payroll testing, it came to our attention that SCSEP personnel have the ability to create employees, set pay rates, enter time data, and approve time entry data in the payroll module without additional oversight or approval. It also came to our attention that the individual who serves as backup for processing payroll for SCSEP participants uses the same username and password to access the payroll module as the individual primarily responsible for processing payroll for SCSEP participants.

**CRITERIA**

Lack of segregation of duties in the payroll function increases the risk that an error or irregularity could occur and go undetected. In addition, multiple employees using the same logon credentials increases the risk of unauthorized activity and reduces the ability of management to identify the individual responsible.

**CAUSE**

Unknown

**EFFECT**

Lack of segregation of duties within the payroll function.

**RECOMMENDATION**

We recommend that the Department review user access within the payroll module and redefine user roles to ensure proper segregation of duties. The Department should also ensure that employees have a unique username and password for accessing IT systems.

**VIEWS OF RESPONSIBLE OFFICIALS**

Management concurs with the finding.

**CORRECTIVE ACTION PLAN**

In reference to the SCSEP program, management has addressed the issue of the person assigned to provide backup for processing Employment Programs payroll using the same user name and password as the individual primarily responsible by: 1) ensuring that this practice stopped as soon as it was discovered and 2) changing the password of the primarily responsible party and obtaining a unique user name and password for the individual assigned as backup. This will allow for the segregation of duties in this program.

State of New Mexico  
Aging and Long Term Services Department

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

June 30, 2016

**B. FEDERAL AWARD FINDING AND QUESTIONED COSTS - CONTINUED**

**2016-001 Segregation of Duties – Payroll (Significant Deficiency) – Continued**

POINT OF CONTACT

Doug Calderwood, Senior Employment Program Bureau Chief, Aging Network Division, Aging and Long-Term Services Department, 505-476-4799.

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

June 30, 2016

**B. FEDERAL AWARD FINDING AND QUESTIONED COSTS - CONTINUED**

**2016-002 Subrecipient Monitoring (Other Noncompliance)**

**CFDA Number: 90.044, 93.045, 93.053**

**Title: Aging Cluster**

**Agency: Department of Health and Human Services**

**Project Number: 15AANMT3SS, 15AANMT3CM, 15AANMNSIP**

**Year: Federal fiscal year ending September 30, 2015**

**CONDITION**

An annual on-site program and fiscal monitoring review of 1 out of 2 subrecipients of Title III funding was not completed during the year.

**CRITERIA**

According to the intergovernmental agreement with the subrecipient, the Department is responsible for conducting an annual on-site program and fiscal monitoring review and for providing the subrecipient with a detailed report of findings.

**CAUSE**

The Department was unable to complete the annual on-site program and fiscal monitoring review due to a shortage of staffing during the year.

**EFFECT**

The Department did not complete the annual on-site program and fiscal monitoring review in accordance with the intergovernmental agreement.

**RECOMMENDATION**

We recommend that the Department amend their intergovernmental agreement to allow for less frequent on-site program and fiscal monitoring reviews while ensuring that other subrecipient monitoring activities are sufficient to comply with 2 CFR 200.

**VIEWS OF RESPONSIBLE OFFICIALS**

Management concurs with the finding.

**CORRECTIVE ACTION PLAN**

As recommended, the Department will amend its intergovernmental agreement to allow for less frequent on-site monitoring reviews and will continue to ensure that sub-recipient monitoring activities comply with CFR 200.

**POINT OF CONTACT**

Miguel Ulibarri, Senior Services Bureau Chief, Aging Network Division, Aging and Long-Term Services Department, 505-476-4983.

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

June 30, 2016

**B. FEDERAL AWARD FINDING AND QUESTIONED COSTS - CONTINUED**

**2016-003 Earmarking (Control Deficiency)**

**CFDA Number: 90.044, 93-045, 93.053**

**Title: Aging Cluster**

**Agency: Department of Health and Human Services**

**Project Number: 15AANMT3SS, 15AANMT3CM, 15AANMNSIP**

**Year: Federal fiscal year ending September 30, 2015**

**CONDITION**

The Department does not have procedures in place to monitor compliance with earmarking requirements pertaining to area plan administration costs for programs operated under Title III funding. Compliance with earmarking requirements was met, however, the Department did not calculate the earmarking percentage to monitor compliance.

**CRITERIA**

Per 42 USC 3024(d), up to 10% of the State agency's remaining allotment, after deducting State plan administration costs, may be made available for funding up to 75% of area plan administration costs.

**CAUSE**

The Department was unaware of earmarking requirements pertaining to area plan administration.

**EFFECT**

Compliance with earmarking requirements for area plan administration costs was not monitored during the year.

**RECOMMENDATION**

We recommend that the Department implement a process to monitor area plan administration costs and review for compliance with earmarking requirements under the federal awards.

**VIEWES OF RESPONSIBLE OFFICIALS**

Management concurs with the finding.

**CORRECTIVE ACTION PLAN**

The Department will perform calculations periodically to monitor earmarking requirements pertaining to the area plan administration costs for the Title III program during the sub-grant budget approval process. The Department will also continue to review and monitor earmarking requirements before reimbursement requests are approved. In addition, fiscal personnel will maintain a summary spreadsheet of area plan administration costs from each approved reimbursement request and will have such report readily available at year-end.

**POINT OF CONTACT**

Miguel Ulibarri, Senior Services Bureau Chief, Aging Network Division, Aging and Long-Term Services Department, 505-476-4983.

State of New Mexico  
Aging and Long-Term Services Department

**EXIT CONFERENCE**

Year ended June 30, 2016

An exit conference was held on November 18, 2016. The following individuals were present:

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

|                         |  |
|-------------------------|--|
| Myles Copeland          | Cabinet Secretary                              |
| Mauricia Chavarria-Quam | Acting Administrative Services Director        |
| KyKy Knowles            | Deputy Secretary                               |
| Leslie Schaar           | General Counsel                                |
| Lynne Annker-Unnever    | Aging Network Division Director                |
| Doug Calderwood         | Senior Employment Program Director             |
| Miguel Ulibarri         | Senior Services Bureau Chief                   |
| Ivie Vigil              | Budget Manager                                 |
| Brandi Harrison         | Grant Accountant                               |
| Diego Velarde           | Chief Information Officer                      |
| Peggy Lucero-Guitierrez | Adult Protective Services Division<br>Director |

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

|                                |                |
|--------------------------------|----------------|
| Clarke Cagle, CPA, CCIFP, CGFM | Audit Director |
| Marty Mathisen, CPA, CGFM      | Audit Director |

**PREPARATION OF FINANCIAL STATEMENTS**

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. The financial statements presented in this report have been prepared by the independent auditor with the assistance of the Department. Management has reviewed and approved the financial statements.

ATKINSON & CO. LTD  
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