

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019



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**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
OFFICIAL ROSTER
JUNE 30, 2019**

Name	Title
Alice Liu McCoy	Cabinet Secretary
Bryan Maestas, CGFM	Administrative Services Director / CFO
Carlos Moya	Director of Operations – Consumer & Elder Rights Division Director
Emily Floyd	Adult Protective Services Division Director
Lisa Lujan	Aging Network Division Director
Diego Velarde	Chief Information Officer



INDEPENDENT AUDITORS' REPORT

State of New Mexico Aging and Long-Term Services Department
and Mr. Brian Colón, 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 comparison for the general fund, and the aggregate remaining fund information of the State of New Mexico Aging and Long-Term Services Department (the Department) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, 2019, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, 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 that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the entire State of New Mexico as of June 30, 2019, and the changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 5 and 9 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supporting Schedules 1 through 6, required by Section 2.2.2 NMAC, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the supporting schedules 1 through 15 required by Section 2.2.2 NMAC (except for the prior year expenditures listed in schedule 14) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Multi-Year Capital Projects Funded by Special and Several Tax Capital Outlay Appropriations From the State (prior year expenditures only), notated as schedule 14, has not been subject to the auditing procedures applied in 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 October 28, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's 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.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 28, 2019

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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, 2019. 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 (U.S. 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.

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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 nonmajor governmental funds. Nonmajor 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 and for the Senior Services Tax Contributions.
- 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 U.S. 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
JUNE 30, 2019**

Financial Analysis of the Department as a Whole

The Department's condensed financial information, as derived from the Department-wide financial statements, is presented below and compares the current year to the prior year. The Department's net position for the fiscal year ended June 30, 2019 was \$7,752,983 and reflects a marked increase over the previous year. Restricted net position was \$8,246,726, a 1273% increase over fiscal year 2018.

Table A-1
Statement of Net Position (Deficit)

	FY 2019	FY 2018	Percent Change
ASSETS			
Current Assets	\$ 16,031,193	\$ 12,431,904	29%
Noncurrent Assets	106,193	196,707	-46%
Total Assets	<u>16,137,386</u>	<u>12,628,611</u>	28%
LIABILITIES			
Current Liabilities	<u>8,384,403</u>	<u>12,444,742</u>	-33%
Total Liabilities	<u>8,384,403</u>	<u>12,444,742</u>	-33%
NET POSITION			
Net Investment in Capital Assets	106,193	196,707	-46%
Restricted	8,246,726	600,789	1273%
Unrestricted (Deficit)	<u>(599,936)</u>	<u>(613,627)</u>	-2%
Total Net Position (Deficit)	<u>\$ 7,752,983</u>	<u>\$ 183,869</u>	4117%

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Table A-2 summarizes the Department's change in net position for the fiscal year ended June 30, 2019. The Department's change in net position (deficit) for the fiscal year ended June 30, 2019 was \$7,569,114 and increased by \$7,449,884 over the prior period.

Table A-2
Statement of Activities

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Percent Change</u>
REVENUES			
Federal Grants and Contracts	\$ 16,536,365	\$ 13,234,706	25%
Other	99,938	68,173	47%
Total Revenues	<u>16,636,303</u>	<u>13,302,879</u>	25%
GENERAL REVENUES			
State General Fund Appropriations, Net of Reversion	50,699,376	42,863,137	18%
Bond Proceeds Appropriations	6,285,841	13,110,094	-52%
Miscellaneous	1,614	1,287	25.4%
Tax Refund Contributions	9,904	13,192	-25%
Loss on Disposal of Capital Assets	-	(1,670)	-100%
Total General Revenue	<u>56,996,735</u>	<u>55,986,040</u>	2%
Total Revenues and General Revenues	73,633,038	69,288,919	6.3%
EXPENDITURES	<u>(66,063,924)</u>	<u>(69,169,689)</u>	-4%
CHANGE IN NET POSITION	7,569,114	119,230	6248%
Net Position - Beginning of Year	<u>183,869</u>	<u>64,639</u>	184%
NET POSITION - END OF YEAR	<u><u>\$ 7,752,983</u></u>	<u><u>\$ 183,869</u></u>	4117%

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Budgetary Highlights

The Department's fiscal year 2019 budget totaled \$61,377,800 from all funding sources, including a State General Fund appropriation of \$44,603,500, net a reversion to the state general fund. The Department followed the instructions regarding the submission of a flat budget for fiscal year 2019 and operated within its approved budget. Within FY2019, the Department continued to take a conservative approach in evaluating all expenses and operations of the agency while meeting its core mission of the agency of providing services to the population in which it serves.

Capital Assets

The Department's investment in capital assets, net of accumulated depreciation, is \$104,522, a net decrease of \$92,185 or 47%. This investment in capital assets includes furniture and fixtures, data processing equipment, and machinery. There is no debt related to these capital assets and the Department has no infrastructure assets.

Factors Affecting the Department's Future

The Department will continue to provide a multitude of services throughout its programs. Projections for 2030 indicates New Mexico will have the 3rd highest population in the nation of senior citizens. New Mexico needs to prepare now before it is too late. The Department needs to increase the budget to meet the demand for more services and additional services as the need arises. The Department serves the most vulnerable population of our state and the demand continues to rise. Federal funding is uncertain at the same levels of today, therefore our department has to ensure those dollars are utilized efficiently and in instances when we can, grow those federal dollars moving into the future.

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
JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Interest in State General Fund Investment Pool	\$ 9,663,721
Receivables:	
Accounts, Net	11,670
Other, Net	131
Due from Federal Government	<u>6,355,671</u>
Total Current Assets	<u>16,031,193</u>
NONCURRENT ASSETS	
Capital Assets	735,172
Accumulated Depreciation	<u>(628,979)</u>
Total Noncurrent Assets	<u>106,193</u>
 Total Assets	 <u><u>\$ 16,137,386</u></u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable	\$ 7,122,010
Accrued Payroll	611,452
Other Liabilities	49,613
Due to State General Fund	-
Due to Local Governments	-
Due to Federal Government	1,392
Compensated Absences Payable	<u>599,936</u>
Total Current Liabilities	<u>8,384,403</u>
NET POSITION	
Net Investment in Capital Assets	106,193
Restricted	8,246,726
Unrestricted (Deficit)	<u>(599,936)</u>
Total Net Position	<u>7,752,983</u>
 Total Liabilities and Net Position	 <u><u>\$ 16,137,386</u></u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

		Program Revenues		Net Revenue (Expense) and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Aging and Long-Term Services	\$ (66,063,924)	\$ 99,938	\$ 16,536,365	\$ (49,427,621)
Total Governmental Activities	\$ (66,063,924)	\$ 99,938	\$ 16,536,365	(49,427,621)
GENERAL REVENUES				
State General Fund Appropriation				52,429,178
Reversion - Fiscal Year 2019				(1,729,802)
General Obligation Bonds (GOB) Transfers In				4,226,783
Severance Tax Bonds (STB) Transfers In				2,059,058
Miscellaneous				1,614
Tax Refund Contributions				9,904
Total General Revenues				56,996,735
CHANGE IN NET POSITION				
				7,569,114
Net Position - Beginning of Year				183,869
NET POSITION - END OF YEAR				\$ 7,752,983

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019**

ASSETS	04900 General Fund	89200 Capital Projects	93100 Capital Projects	Nonmajor Funds	Total
Interest in State General Fund Investment Pool	\$ 1,375,633	\$ 1,397,983	\$ 6,775,678	\$ 114,427	\$ 9,663,721
Receivables:					
Accounts Receivables, Net	11,670	-	-	-	11,670
Other, Net	131	-	-	-	131
Due from Federal Government	6,355,671	-	-	-	6,355,671
Total Assets	<u>\$ 7,743,105</u>	<u>\$ 1,397,983</u>	<u>\$ 6,775,678</u>	<u>\$ 114,427</u>	<u>\$ 16,031,193</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 5,722,448	\$ 1,397,983	\$ -	\$ 1,579	\$ 7,122,010
Accrued Payroll	611,452	-	-	-	611,452
Other Liabilities	37,563	-	-	12,050	49,613
Due to Federal Government	1,392	-	-	-	1,392
Total Liabilities	<u>6,372,855</u>	<u>1,397,983</u>	<u>-</u>	<u>13,629</u>	<u>7,784,467</u>
FUND BALANCES					
Restricted	1,370,250	-	6,775,678	100,798	8,246,726
Total Fund Balances	<u>1,370,250</u>	<u>-</u>	<u>6,775,678</u>	<u>100,798</u>	<u>8,246,726</u>
Total Liabilities and Fund Balances	<u>\$ 7,743,105</u>	<u>\$ 1,397,983</u>	<u>\$ 6,775,678</u>	<u>\$ 114,427</u>	<u>\$ 16,031,193</u>

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT
OF NET POSITION – GOVERNMENTAL FUNDS
JUNE 30, 2019**

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$ 8,246,726
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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	735,172
Accumulated Depreciation	<u>(628,979)</u>
Total Capital Assets	106,193

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>(599,936)</u>
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Net Position (Deficit) of Governmental Activities Statement of Net Position (Deficit)	<u><u>\$ 7,752,983</u></u>
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**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, 2019**

	04900 General Fund	89200 Capital Projects	93100 Capital Projects	Nonmajor Funds	Total
REVENUES					
Fees and Services	\$ -	\$ -	\$ -	\$ 99,938	\$ 99,938
Federal Grants and Contracts	13,216,493	-	-	-	13,216,493
Federal Grants - Pass Through	3,319,872	-	-	-	3,319,872
Miscellaneous and Fees	1,614	-	-	-	1,614
Tax Refund Contributions	-	-	-	9,904	9,904
Total Revenues	<u>16,537,979</u>	<u>-</u>	<u>-</u>	<u>109,842</u>	<u>16,647,821</u>
EXPENDITURES					
Current:					
Personnel Services and Employee Benefits	15,348,975	-	-	-	15,348,975
Contractual Services	4,664,816	-	-	6,877	4,671,693
Other Operating Costs	39,642,171	6,285,841	-	33,061	45,961,073
Capital Outlay	5,360	-	-	-	5,360
Total Expenditures	<u>59,661,322</u>	<u>6,285,841</u>	<u>-</u>	<u>39,938</u>	<u>65,987,101</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(43,123,343)	(6,285,841)	-	69,904	(49,339,280)
OTHER FINANCING SOURCES (USES)					
State General Fund Appropriations	45,653,500	-	6,775,678	-	52,429,178
Reversion - Fiscal Year 2019	(1,729,802)	-	-	-	(1,729,802)
General Obligation Bonds (GOB) Transfers In	-	4,226,783	-	-	4,226,783
Severance Tax Bonds (STB) Transfers In	-	2,059,058	-	-	2,059,058
Net Other Financing Sources	<u>43,923,698</u>	<u>6,285,841</u>	<u>6,775,678</u>	<u>-</u>	<u>56,985,217</u>
NET CHANGE IN FUND BALANCES	800,355	-	6,775,678	69,904	7,645,937
Fund Balances - Beginning of Year	<u>569,895</u>	<u>-</u>	<u>-</u>	<u>30,894</u>	<u>600,789</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,370,250</u>	<u>\$ -</u>	<u>\$ 6,775,678</u>	<u>\$ 100,798</u>	<u>\$ 8,246,726</u>

See accompanying Notes to Financial Statements.

**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, 2019**

Net Changes in Fund Balances - Total Governmental Funds \$ 7,645,937
(Statement of Revenues, Expenditures, and Changes in Fund Balances)

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: 13,691

Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital Outlay	5,360
Depreciation Expense	<u>(95,874)</u>

Change in Net Position (Deficit) of Governmental Activities (Statement of Activities) \$ 7,569,114

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND – FUND 04900
MAJOR GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State General Fund Appropriations	\$ 45,653,500	\$ 45,653,500	\$ 45,653,500	\$ -
Federal Grants	13,149,900	17,717,392	13,216,493	(4,500,899)
Intra-State Transfers	3,508,600	5,684,156	3,319,872	(2,364,284)
Miscellaneous and Fees	-	-	1,614	1,614
Total Revenues	62,312,000	69,055,048	62,191,479	(6,863,569)
BUDGETED FUND BALANCE	275,000	275,000	-	(275,000)
TOTAL REVENUES AND BUDGETED FUND BALANCE	\$ 62,587,000	\$ 69,330,048	62,191,479	(7,138,569)
EXPENDITURES				
Current:				
Personnel Services and Employee Benefits	\$ 15,987,100	\$ 16,650,663	15,348,975	1,301,688
Contractual Services	5,224,600	6,524,754	4,664,816	1,859,938
Other Operating Costs	41,375,300	46,154,631	39,647,531	6,507,100
Total Expenditures	\$ 62,587,000	\$ 69,330,048	59,661,322	\$ 9,668,726
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			2,530,157	
GAAP BASIS RECONCILIATION				
Reversion to State General Fund			(1,729,802)	
NET CHANGE IN GENERAL FUND BALANCE (FUND 04900)			\$ 800,355	

See accompanying Notes to Financial Statements.

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 HISTORY AND ORGANIZATION

The New Mexico State Agency on Aging (Department) was created by Chapter 203, Laws of 1979 and was administratively attached to the New Mexico Human Services Department. During the 2003 Legislative session, the Legislature enacted House Bill 585, which was subsequently signed by the governor of the state of New Mexico. This legislation became law effective June 20, 2003. The law makes the Department a cabinet level department and 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 11 members appointed by the governor.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (U.S. 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 U.S. GAAP for governmental units.

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

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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 is included in a statewide 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 Governmental Accounting Standards Board (GASB) 39 and 61 for determining component units, the Department does not have any component units.

Basic Financial Statements

The basic financial statements include both government-wide (based on the Aging and Long-Term Service Department as a whole) and fund financial statements. The reporting model focus is on either the Aging and Long-Term Services 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 ended June 30, 2019.

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.

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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 and #40210) are utilized to account for those proceeds of specific revenue sources for specified purposes. SHARE Fund #62200 is used to account for the proceeds from the annual Conference on Aging and is a nonreverting fund in fiscal year 2019. SHARE Fund #40210 is used to account for the Senior Services Tax Contributions and is a nonreverting fund. Both funds are nonmajor.

State Capital Outlay Funds – The Capital Outlay Fund (SHARE Fund #89200 and #93100), is a major fund and is used to account for capital projects. 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.

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Nonexchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, including 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 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.

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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.

Interest in the State General Fund Investment Pool

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

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.

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 2019, there were no estimated unallowable costs allowed for or charged to any federal grants.

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 acquisition 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

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Compensated Absences

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

The Department accounts for the accumulated vacation leave on the accrual basis. Accrued vacation up to 240 hours is recorded in the statement of net position at 100% of the employee's hourly wage. In addition, accrued sick leave over 600 and up to 720 hours less the amount classified as current is recorded in the statement of net position at 50% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA). Employees exempt from coverage by FLSA earn one hour of compensatory time for each overtime hour. The accrual for compensated absences is calculated at pay rates in effect at June 30, 2019, and includes direct and incremental salary related payments, such as the employer's share of social security taxes.

Fund Balances and Net Position

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

The Department's fund balances represent: 1) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned Purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. The fund balances of the Department for the current year are represented only as Restricted. A summary of the nature and purpose of these restrictions by fund type at June 30, 2019 follows:

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances and Net Position (Continued)

Restricted Fund Balance

This reserve consists of restrictions related to federal grant programs and state special appropriations.

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

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

Liquid assets (generated from fee revenues), which have third-party (statutory, or granting agency) limitations on their use. Such restrictions are legally enforceable.

Unrestricted Net Position

Represents net position not reported in the net investment in capital asset nor restricted categories.

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.

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Reverting Funds

Reverting funds are all funds that are not identified by law as nonreverting.

Nonreverting 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 nonreverting funds.

- i) Nongeneral 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.

Amounts due to the State General Fund for the year ending June 30, 2019 should be paid on or before September 30, 2019. Reversions are not budgeted.

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 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 12 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. Legal budgetary control for expenditures and encumbrances is by category of the appropriation unit.

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Data (Continued)

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

- a. The Department submits a proposed budget to the New Mexico State Legislature for the fiscal year commencing the following July 1. The state legislature must approve the budget prior to the legal enactment.
- b. The expenditures and encumbrances of each appropriation unit may not legally exceed the budget for that category. Budgets are controlled at the "appropriation unit" 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.
- d. Beginning in fiscal year 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 accounting principles generally accepted in the United States of America (U.S. 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 U.S. 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.

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Cost Allocation

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

Pensions

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

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions (Continued)

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. 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.

Postemployment Benefits - State Retiree Health Care Plan

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 postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability 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. Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

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.

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 STATE GENERAL FUND INVESTMENT POOL

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 SGFIP.

The state controller indicated on September 17, 2019 that as of June 30, 2019, resources held in the pool were equivalent to the corresponding business unit claims on those resources and all claims as recorded in SHARE shall be honored at face value.

NOTE 4 INTEREST IN STATE TREASURER GENERAL FUND INVESTMENT POOL

Investment balances at June 30, 2019, consisted of the following:

Deposits with State Treasurer - Governmental Activities	\$ <u>9,663,721</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 Schedule 15.

Detail of pledged collateral specific to this agency is unavailable because the bank comingles pledged collateral for all state funds it holds. However, the 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 financial statements for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2019.

NOTE 5 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 and due to other state agencies. There was no due from and due to other state agencies balances at June 30, 2019.

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets:				
Data Processing Equipment	\$ 685,238	\$ 5,360	\$ -	\$ 690,598
Furniture and Fixtures	-	-	-	-
Equipment and Machinery	44,574	-	-	44,574
Total Capital Assets	<u>729,812</u>	<u>5,360</u>	<u>-</u>	<u>735,172</u>
Less Accumulated Depreciation:				
Data Processing Equipment	(488,531)	(95,874)	-	(584,405)
Furniture and Fixtures	-	-	-	-
Equipment and Machinery	(44,574)	-	-	(44,574)
Total Accumulated Depreciation	<u>(533,105)</u>	<u>(95,874)</u>	<u>-</u>	<u>(628,979)</u>
Capital Assets, Net	<u>\$ 196,707</u>	<u>\$ (90,514)</u>	<u>\$ -</u>	<u>\$ 106,193</u>

Current year depreciation expense of \$95,874 was allocated entirely to the Aging and Long-Term Services function in the government-wide statement of activities.

NOTE 7 COMPENSATED ABSENCES

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

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Amount Due Within One Year
Compensated Absences					
Payable	\$ 613,627	\$ 1,185,434	\$ (1,199,125)	\$ 599,936	\$ 599,936

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.

NOTE 8 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 year ended June 30, 2019 was \$786,528.

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 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 10 REVERSIONS TO STATE GENERAL FUND

Current year reversions for the State General Fund as of June 30, 2019 were as follows:

Appropriation Year	Fund Type	SHARE System Fund	Reversion
Laws of 2018	General Fund	04900	\$ 1,729,802
Total			<u>\$ 1,729,802</u>

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. This payable may be adjusted within 45 days of the release of this audit by the New Mexico Office of the State Auditor.

NOTE 11 INTER-AGENCY TRANSFERS

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

Transfers in					
Agency	Fund	ALTSD Fund	Amount	Description	
34100	62000	04900	\$ 204,800	FY19 Compensation Section A3	
34101	85300	04900	45,448,700	Appropriation Allotment	
34101	85300	04900	6,775,678	Appropriation Allotment	
34103	40220	89200	10,345	Capital Outlay Transfer	
34103	50120	89200	119,943	Capital Outlay Transfer	
34103	50230	89200	1,781,204	Capital Outlay Transfer	
34103	20650	89200	140,150	Capital Outlay Transfer	
34103	50260	89200	7,416	Capital Outlay Transfer	
34103	35160	89200	65,870	Capital Outlay Transfer	
34103	50330	89200	4,160,913	Capital Outlay Transfer	
Total Transfers in			<u>\$ 58,715,019</u>		
Transfers Out					
Agency	Fund	ALTSD Fund	Amount	Description	
34101	85300	04900	\$ 1,729,802	Reversion to State General Fund	
Total Transfers Out			<u>\$ 1,729,802</u>		
Net Transfers			<u>\$ 56,985,217</u>		

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 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 13 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, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

Plan members are required to contribute 8.92% of their gross salary. The 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, 2019, 2018, and 2017 were \$1,795,595, \$1,612,192, and \$1,731,360 respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 POSTEMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN

Plan Description

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

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

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, New Mexico 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2019, 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.

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

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 14 POSTEMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Funding Policy (Continued)

The Department's contributions to the RHCA for the years ended June 30, 2019, 2018, and 2017 were \$211,367, \$189,781, and \$203,807, respectively, which equal the required contributions for each year.

NOTE 15 RISK MANAGEMENT

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.

NOTE 16 FEDERAL GRANT – CONSIDERATION OF SPECIAL AUDIT

During fiscal year 2018, the Department requested assistance of the New Mexico Office of the State Auditor (OSA) regarding suspected misuse, waste, or abuse of public funds involving one of its contractors. The OSA designated the North Central New Mexico Economic Development District for a special audit. The special audit was conducted in the latter part of fiscal year 2018 and the report was released on August 22, 2018. As part of the identified findings, the Department submitted a correction action plan dated December 4, 2018 to the Department of Health and Human Services. During the current auditing period and financial statement issue date, it has not yet been determined of the amount nor an estimated range due back to the state of New Mexico.

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
FUND DESCRIPTIONS
JUNE 30, 2019**

Share

Fund #

Departments/Programs Description

62200

The Conference on Aging is an educational event with an annual registration of approximately 1,300 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.

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	40210 Tax Refund Contributions Senior	62200 Conference On Aging	Total Nonmajor Funds
ASSETS			
Interest in State General Fund Investment Pool	\$ 40,798	\$ 73,629	\$ 114,427
Total Assets	\$ 40,798	\$ 73,629	\$ 114,427
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 1,579	\$ 1,579
Other Liabilities	-	12,050	12,050
Total Liabilities	-	13,629	13,629
FUND BALANCES			
Restricted	40,798	60,000	100,798
Total Fund Balances	40,798	60,000	100,798
Total Liabilities and Fund Balances	\$ 40,798	\$ 73,629	\$ 114,427

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE – NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2019**

	40210 Tax Refund Contributions Senior	62200 Conference On Aging	Total Nonmajor Funds
REVENUES			
Fees and Services	\$ -	\$ 99,938	\$ 99,938
Tax Refund Contributions	9,904	-	9,904
Total Revenues	9,904	99,938	109,842
EXPENDITURES			
Current:			
Personnel Services and Benefits	-	-	-
Contractual Services	-	6,877	6,877
Other Operating Costs	-	33,061	33,061
Total Expenditures	-	39,938	39,938
NET CHANGE IN FUND BALANCES	9,904	60,000	69,904
Fund Balances - Beginning of Year	30,894	-	30,894
FUND BALANCES - END OF YEAR	\$ 40,798	\$ 60,000	\$ 100,798

SCHEDULE 1

**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) (BUDGETARY BASIS)
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final	Amounts	(Negative)
REVENUES				
State General Fund Appropriations	\$ 6,183,900	\$ 6,183,900	\$ 6,183,900	\$ -
Federal Grants	349,400	349,400	340,940	(8,460)
Intra-State Transfers	-	2,247,000	-	(2,247,000)
Miscellaneous Revenues	-	-	796	796
	<u>\$ 6,533,300</u>	<u>\$ 8,780,300</u>	<u>6,525,636</u>	<u>\$ (2,254,664)</u>
EXPENDITURES				
Current:				
Personnel Services and Benefits	\$ 3,001,600	\$ 3,490,653	2,817,318	\$ 673,335
Contractual Services	136,500	1,695,084	88,246	1,606,838
Other Operating Costs	3,395,200	3,594,563	3,331,459	263,104
	<u>\$ 6,533,300</u>	<u>\$ 8,780,300</u>	<u>6,237,023</u>	<u>\$ 2,543,277</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			288,613	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			(288,613)	
NET CHANGE IN FUND BALANCE GAAP			\$ -	

SCHEDULE 2

**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) (BUDGETARY BASIS)
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State General Fund Appropriations	\$ 1,562,900	\$ 1,562,900	\$ 1,562,900	\$ -
Federal Grants	2,027,000	2,167,926	1,823,375	(344,551)
Intra-State Transfers	1,010,000	1,100,000	1,014,857	(85,143)
Miscellaneous Revenues	-	-	-	-
Total Revenues	\$ 4,599,900	\$ 4,830,826	4,401,132	\$ (429,694)
EXPENDITURES				
Current:				
Personnel Services and Benefits	\$ 3,399,000	\$ 3,648,510	3,357,384	\$ 291,126
Contractual Services	483,100	434,114	413,588	20,526
Other Operating Costs	717,800	748,202	598,960	149,242
Total Expenditures	\$ 4,599,900	\$ 4,830,826	4,369,932	\$ 460,894
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			31,200	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			(5,845)	
NET CHANGE IN FUND BALANCE			\$ 25,355	

SCHEDULE 3

**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) (BUDGETARY BASIS)
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget Positive (Negative)
REVENUES				
State General Fund Appropriations	\$ 10,864,000	\$ 10,864,000	\$ 10,864,000	\$ -
Federal Grants				-
Intra-State Transfers	2,498,600	2,337,156	2,305,015	(32,141)
Miscellaneous Revenues	-	-	818	818
	<u>\$ 13,362,600</u>	<u>\$ 13,201,156</u>	13,169,833	<u>\$ (31,323)</u>
EXPENDITURES				
Current:				
Personnel Services and Benefits	\$ 8,197,000	\$ 8,122,000	8,022,331	\$ 99,669
Contractual Services	3,783,800	3,647,356	3,615,215	32,141
Other Operating Costs	1,381,800	1,431,800	1,420,879	10,921
	<u>\$ 13,362,600</u>	<u>\$ 13,201,156</u>	13,058,425	<u>\$ 142,731</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			111,408	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			(111,408)	
NET CHANGE IN FUND BALANCE			\$ -	

SCHEDULE 4

**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) (BUDGETARY BASIS) –
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State General Fund Appropriations	\$ 25,992,700	\$ 25,992,700	\$ 25,992,700	\$ -
Federal Grants	10,773,500	15,200,066	11,052,178	(4,147,888)
Intra-State Transfers	-	-	-	-
	\$ 36,766,200	\$ 41,192,766	37,044,878	\$ (4,147,888)
BUDGETED FUND BALANCE	-	-	-	-
TOTAL REVENUES AND BUDGETED FUND BALANCE	\$ 36,766,200	\$ 41,192,766	37,044,878	\$ (4,147,888)
EXPENDITURES				
Current:				
Personnel Services and Benefits	\$ 1,389,500	\$ 1,389,500	1,151,942	\$ 237,558
Contractual Services	621,200	548,200	547,767	433
Other Operating Costs	34,755,500	39,255,066	34,021,233	5,233,833
	\$ 36,766,200	\$ 41,192,766	35,720,942	\$ 5,471,824
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			1,323,936	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			(1,323,936)	
NET CHANGE IN FUND BALANCE			\$ -	

SCHEDULE 5

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – SPECIAL APPROPRIATION (ZC5577) (BUDGETARY BASIS) –
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget Positive (Negative)
REVENUES				
State General Fund Appropriations	\$ -	\$ -	\$ -	\$ -
BUDGETED FUND BALANCE	75,000	75,000	-	(75,000)
TOTAL REVENUES AND BUDGETED FUND BALANCE	<u>\$ 75,000</u>	<u>\$ 75,000</u>	-	<u>\$ -</u>
EXPENDITURES				
Current:				
Other Operating Costs	\$ 75,000	\$ 75,000	75,000	\$ -
Total Expenditures	<u>\$ 75,000</u>	<u>\$ 75,000</u>	75,000	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(75,000)	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			-	
NET CHANGE IN FUND BALANCE			<u>\$ (75,000)</u>	

SCHEDULE 6

**STATE OF NEW MEXICO AGING AND LONG TERM SERVICES DEPARTMENT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – SPECIAL APPROPRIATION (ZC5578) (BUDGETARY BASIS) –
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
State General Fund Appropriations	\$ -	\$ -	\$ -	\$ -
BUDGETED FUND BALANCE	200,000	200,000	-	(200,000)
TOTAL REVENUES AND BUDGETED FUND BALANCE	<u>\$ 200,000</u>	<u>\$ 200,000</u>	-	<u>\$ -</u>
EXPENDITURES				
Current:				
Other Operating Costs	\$ 200,000	\$ 200,000	200,000	\$ -
Total Expenditures	<u>\$ 200,000</u>	<u>\$ 200,000</u>	200,000	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(200,000)	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			-	
NET CHANGE IN FUND BALANCE			<u>\$ (200,000)</u>	

SCHEDULE 7

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – SPECIAL APPROPRIATION (ZD5074) (BUDGETARY BASIS) –
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget Positive (Negative)
REVENUES				
State General Fund Appropriations	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Total Revenues	\$ 200,000	\$ 200,000	200,000	\$ -
EXPENDITURES				
Current:				
Contractual Services	\$ 200,000	\$ 200,000	-	\$ 200,000
Total Expenditures	\$ 200,000	\$ 200,000	-	\$ 200,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			200,000	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			-	
NET CHANGE IN FUND BALANCE			\$ 200,000	

SCHEDULE 8

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – SPECIAL APPROPRIATION (ZD5075) (BUDGETARY BASIS) –
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget Positive (Negative)
REVENUES				
State General Fund Appropriations	\$ 400,000	\$ 400,000	\$ 400,000	\$ -
Total Revenues	\$ 400,000	\$ 400,000	400,000	\$ -
EXPENDITURES				
Current:				
Other Operating Costs	\$ 400,000	\$ 400,000	-	\$ 400,000
Total Expenditures	\$ 400,000	\$ 400,000	-	\$ 400,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			400,000	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			-	
NET CHANGE IN FUND BALANCE			\$ 400,000	

SCHEDULE 9

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – SPECIAL APPROPRIATION (ZD5076) (BUDGETARY BASIS) –
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget Positive (Negative)
REVENUES				
State General Fund Appropriations	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total Revenues	\$ 100,000	\$ 100,000	100,000	\$ -
EXPENDITURES				
Current:				
Other Operating Costs	\$ 100,000	\$ 100,000	-	\$ 100,000
Total Expenditures	\$ 100,000	\$ 100,000	-	\$ 100,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			100,000	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			-	
NET CHANGE IN FUND BALANCE			\$ 100,000	

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – SPECIAL APPROPRIATION (ZD9072) (BUDGETARY BASIS) –
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget Positive (Negative)
REVENUES				
State General Fund Appropriations	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Total Revenues	\$ 25,000	\$ 25,000	25,000	\$ -
EXPENDITURES				
Current:				
Other Operating Costs	\$ 25,000	\$ 25,000	-	\$ 25,000
Total Expenditures	\$ 25,000	\$ 25,000	-	\$ 25,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			25,000	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			-	
NET CHANGE IN FUND BALANCE			\$ 25,000	

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – SPECIAL APPROPRIATION (ZD9073) (BUDGETARY BASIS) –
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
State General Fund Appropriations	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Total Revenues	\$ 75,000	\$ 75,000	75,000	\$ -
EXPENDITURES				
Current:				
Other Operating Costs	\$ 75,000	\$ 75,000	-	\$ 75,000
Total Expenditures	\$ 75,000	\$ 75,000	-	\$ 75,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			75,000	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			-	
NET CHANGE IN FUND BALANCE			\$ 75,000	

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – SPECIAL APPROPRIATION (ZD9074) (BUDGETARY BASIS) –
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance From Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
State General Fund Appropriations	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total Revenues	\$ 100,000	\$ 100,000	100,000	\$ -
EXPENDITURES				
Current:				
Other Operating Costs	\$ 100,000	\$ 100,000	-	\$ 100,000
Total Expenditures	\$ 100,000	\$ 100,000	-	\$ 100,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			100,000	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			-	
NET CHANGE IN FUND BALANCE			\$ 100,000	

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – SPECIAL APPROPRIATION (ZD9075) (BUDGETARY BASIS) –
 MAJOR GOVERNMENTAL FUND – GENERAL FUND
 YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	From Final Budget Positive (Negative)
REVENUES				
State General Fund Appropriations	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Total Revenues	\$ 150,000	\$ 150,000	150,000	\$ -
EXPENDITURES				
Current:				
Other Operating Costs	\$ 150,000	\$ 150,000	-	\$ 150,000
Total Expenditures	\$ 150,000	\$ 150,000	-	\$ 150,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			150,000	
U.S. GAAP BASIS RECONCILIATION				
Reversion to State General Fund			-	
NET CHANGE IN FUND BALANCE			\$ 150,000	

**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
 JUNE 30, 2019**

<u>Project Description</u>	<u>Authority/Chapter</u>	<u>Laws</u>	<u>Appropriation Period</u>	<u>Expiration</u>	<u>SHARE Fund</u>
General Obligation Bonds (GOB)	Chapter 67, Section 10A (GOB19)	Laws of 2018	FY2019 - FY2023	6/30/2023	89200
	Chapter 82, Section 10A (GOB 17)	Laws of 2016	FY2017 - FY2021	6/30/2021	89200
	Chapter 65, Section 10A (GOB 15)	Laws of 2014	FY2015-FY2019	6/30/2019	89200
Total General Obligation Bonds					
Severance Tax Bonds (STB)	Chapter 3, Section 3 (STB15A)	Laws of 2015	FY2014 - FY2019	6/30/2019	89200
	Chapter 3, Section 3 (STB15SA)	Laws of 2015	FY2014 - FY2019	6/30/2019	89200
	Chapter 3, Section 3 (STB15SC)	Laws of 2015	FY2014 - FY2019	6/30/2019	89200
	Chapter 81, Section 4 (STB16A)	Laws of 2016	FY2015 - FY2020	6/30/2020	89200
	Chapter 80, Section 5 (STB18A)	Laws of 2018	FY2019 - FY2024	6/30/2024	89200
Total Severance Tax Bonds					
General Fund (GF)	Chapter 277, Section	Laws of 2019	FY19 - FY2023	6/30/2023	93100

**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 (CONTINUED)
JUNE 30, 2019**

Total Appropriation	Bonds Unsold	Amount Available	Unaudited Prior Year Expenditures	Current Year Expenditures	Art in Public Places	Reversion Amount	Unencumbered Balance
\$ 10,664,878	\$ -	\$ 10,664,878	\$ -	\$ -	\$ -	\$ -	\$ 10,664,878
15,243,300	-	15,243,300	1,175,087	4,160,913	77,826	-	9,829,474
16,433,440	-	16,433,440	15,699,227	65,870	-	668,343	-
<u>\$ 42,341,618</u>	<u>\$ -</u>	<u>\$ 42,341,618</u>	<u>\$ 16,874,314</u>	<u>\$ 4,226,783</u>	<u>\$ 77,826</u>	<u>\$ 668,343</u>	<u>\$ 20,494,352</u>
\$ 8,084,850	\$ -	\$ 8,084,850	\$ 5,069,573	\$ 1,781,203	\$ 31,508	\$ 1,202,566	\$ -
2,929,000	-	2,929,000	2,653,974	119,943	26,000	129,083	-
101,100	-	101,100	-	7,417	-	93,683	-
204,000	-	204,000	69,655	10,345	1,240	-	122,760
805,900	-	805,900	-	140,150	-	-	665,750
<u>\$ 12,124,850</u>	<u>\$ -</u>	<u>\$ 12,124,850</u>	<u>\$ 7,793,202</u>	<u>\$ 2,059,058</u>	<u>\$ 58,748</u>	<u>\$ 1,425,332</u>	<u>\$ 788,510</u>
<u>\$ 11,885,472</u>	<u>\$ -</u>	<u>\$ 11,885,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,913</u>	<u>\$ -</u>	<u>\$ 11,831,559</u>

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SUPPLEMENTAL SCHEDULE OF INTEREST IN STATE GENERAL FUND INVESTMENT POOL
JUNE 30, 2019**

Name of Depository	Account Name	Fund Type	Type of Account	Interest Bearing	Reconciled Balance at June 30, 2019
<u>Interest in State General Fund Investment Pool</u>					
General Fund:					
State Treasurer	General Operating Account (Fund 04900)	General	State Treasurer	No	\$ 1,375,633
Special Revenue Fund:					
State Treasurer	Conference on Aging (Fund 62200)	Special Revenue	State Treasurer	No	73,629
State Treasurer	Supplemental Senior Services (Fund 40210)	Special Revenue	State Treasurer	No	40,798
					<u>114,427</u>
Capital Project Fund:					
State Treasurer	Capital Projects, Laws of 2013 (Fund 89200)	Capital	State Treasurer	No	1,397,983
State Treasurer	Capital Projects, Laws of 2019 (Fund 93100)	Capital	State Treasurer	No	6,775,678
					<u>8,173,661</u>
Total Interest in State General Fund Investment Pool					<u><u>\$ 9,663,721</u></u>

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019**

<u>Federal Agency</u>	<u>Pass-Through Award Number</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures as of June 30, 2019</u>
U.S. Department of Health and Human Services (HHS)				
Pass-Through Awards:				
CYFD:				
Social Services Block Grant HSD	11-690-3000-0029-6	93.667	\$ -	\$ 2,305,015
HSD:				
Medical Assistance Program	17-630-8000-0001	93.778*	-	<u>1,014,857</u>
Total HHS Pass-Through Awards				3,319,872
Direct Awards:				
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers		93.044	2,320,060	2,927,775
Special Programs for the Aging - Title III, Part C - Nutrition Services		93.045	4,576,620	4,974,293
Nutrition Services Incentive Program		93.053	2,570,333	<u>2,570,333</u>
Total Aging Cluster				10,472,401
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services				
		93.043	104,663	104,663
National Family Caregiver Support - Title III, Part E				
		93.052	943,430	995,450
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation				
		93.041	-	26,263
Special Programs for the Aging - Title VII, Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals				
		93.042	-	108,292
Special Programs for the Aging - Title IV and Title II - Discretionary Projects - Recovery				
		93.048	-	198,050
Medicare Enrollment Assistance Program				
		93.071	-	128,877
State Health Insurance Assistance Program				
		93.324	-	<u>393,045</u>
Total HHS Direct Awards				12,427,041
U.S. Department of Labor (DOL)				
Senior Community Services Employment Program		17.235	-	<u>428,320</u>
U.S. Department of Veterans Affairs				
Veteran Directed Home and Community Based Services Program		64.Unknown	-	<u>335,777</u>
Total Federal Awards				<u>\$ 16,511,010</u>

* These are part of the Medicaid Cluster, with total expenditures of \$1,014,857

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

NOTE 1 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 Services Department (the Department) under program of the federal government for the year ended June 30, 2019. 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.

NOTE 2 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. The Department elected not to use the 10% de minimis indirect cost rate.

NOTE 3 RECONCILIATION

Reconciliation of federal expenditures to federal revenue:

Per Financial Statements:

Federal Revenue	\$ 16,536,365
Revenue received from U.S. Department of Veterans Affairs for administration costs and interest to the Department	<u>(25,355)</u>
Per Schedule of Expenditures of Awards	<u>\$ 16,511,010</u>



**INDEPENDENT AUDITORS' 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. Brian Colón, New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major funds, the budgetary comparison for the general fund, and the aggregate remaining fund information of the State of New Mexico Aging and Long-Term Services Department (the Department), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated October 28, 2019.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-003, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from 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 which are described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, and 2019-004 through 2019-010.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 28, 2019



INDEPENDENT AUDITORS' 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. Brian Colón, New Mexico State Auditor
Santa Fe, New Mexico

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, 2019. 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 statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, and 2019-004. 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 the auditing 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 a 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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-003 that we consider to be a significant deficiency.

State of New Mexico Aging and Long-Term Services Department
and Mr. Brian Colón, New Mexico State Auditor

The State of New Mexico Aging and Long-Term Services 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 State of New Mexico Aging and Long-Term Services Department's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Albuquerque, New Mexico
October 28, 2019

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Type of auditor’s report issued on compliance for major program: Unmodified

Any audit findings, disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of Major Federal Programs:

CFDA Numbers

93.044, 93.045, 93.053
93.052

Name of Federal Program

Aging Cluster
National Family Caregiver Support, Title III, Part E

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

Auditee qualified as low-risk auditee? yes no

STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

See finding titled 2019-003 starting at page 64.

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs

2019-001 Allowability – Internal Controls over Payroll (Previously 2018-001)

Type of Finding: Other Matter

Federal agency: Department of Health and Human Services

Federal program title: Aging Cluster and National Family Caregiver Support, Title III, Part E

CFDA Number: 93.044, 93.045, 93.053, and 93.052

Award Period: October 1, 2017-September 30, 2018 and October 1, 2018- September 30, 2020

Criteria: Per §200.430 Compensation-personal services, charges to federal awards for salaries and wages must be based on records that comply with the established accounting policies and procedures of the nonfederal entity; be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; and reasonably reflect the total activity for which the employee is compensated by the nonfederal entity.

Condition: During our single audit testwork over payroll, we noted the program does not have written policies in place for determining the allowability of costs to include compensation-personal services and fringe benefits.

Management's progress towards implementing the prior year corrective action plan: See below.

Questioned Costs: \$-0-

Context: N/A

Cause: Management Oversight.

Effect: Noncompliance with applicable regulations and Department policy.

Repeat Finding: Yes, prior year 2018-001

Auditors' Recommendation: The Department establishes or assists the programs in establishing written policies and procedures regarding the determination of allowable costs to include compensation-personal services and fringe benefits. The Department provides or assists the programs in providing training to employees to ensure compliance with department or program policy. The Department provides or assists the programs in providing training to supervisory level employees to ensure compliance with department or program policy and federal regulations.

Management's Response: The Aging Network Division Director has hired a contractor to complete and finalize its current internal policies. A section of the procedure will be added that identifies how AND staff time is determined for the allowable cost for personal services and fringe benefits for Title III funding. The procedure will be drafted within the next 45-60 days.

Implementation: The implementation will include staff training to identify the time spent when working with Federal awards that may include time entry forms.

Person Responsible: Grant Manager and Aging Network Division Director

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019-002 Earmarking (Previously 2018-002)

Type of Finding: Other Matter

Federal agency: Department of Health and Human Services

Federal program title: Aging Cluster

CFDA Number: 93.044, 93.045, and 93.053

Award Period: October 1, 2017-September 30, 2018 and October 1, 2018- September 30, 2020

Criteria: According to 45 CFR section 1321.17 (f)(14), the State agency will not fund program development and coordinated activities as a cost of supportive services for the administration of area plans until it has first spent 10% of the total of its combined allotments under Aging Cluster on the administration of area plans. The program is unable to provide sufficient supporting documentation to show 10% of the total of its combined allotments on the administration of area plans was spent by Area Agency on Aging (AAAs) before the program provides funding of program development and coordinated activities as a cost of supportive services.

According to OBM Compliance Supplement, after a State determines the amount to be applied to State plan administration under 42 USC 3028 (b), the State may: (a) Make up to (and including) 10% of that amount available for the administration of Area Plans where the State calculates the 10% based on the amount remaining after deducting the amount to be applied to State Plan administration (42 USC 3024(d)(1)(A)); and (b) Use any amounts available to the State for State plan administration which the State determines are not needed for that purpose to supplement the amount available for administration of Area Plans (42 USC 3028(a)(2)).

Condition: The Department does not have procedures in place to monitor compliance with earmarking requirements pertaining to development and coordinated activities as a cost of supportive services for the administration of area plans until it has first spent 10% of the total of its combined allotments under the Aging Cluster.

Management's progress towards implementing the prior year corrective action plan: See management's response below.

Three out of four contracts reviewed were contracted for more than 10% administrative cost to AAA. Although the AAA's did not overspend 10% of its administrative cost, the Department is not properly monitoring the requirement.

Questioned Costs: \$-0-

Context: One out of one tested, and three out of four contracts tested.

Cause: The Department was unaware of the earmarking requirement.

Effect: Compliance with earmarking requirements was not monitored during the year.

Repeat Finding: Yes, prior year 2018-002

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019-002 Earmarking (Previously 2018-002) (Continued)

Auditors' Recommendation: We recommend that the Department implement a process to monitor and review for compliance with earmarking requirements under the federal awards.

The Department should provide or assist the programs in providing training to employees to ensure compliance requirements are being met.

Management's Response: The Aging Network Division Director will update its current internal policies and have a procedure on how Senior Services Bureau monitors and ensures the Department is in compliance with earmarking requirements pertaining to the development and coordination activities as a cost of supporting services for the administration of the area plan until it has first spent 10% of the total of its combined allotment under Title III funding. The procedure will be updated within the next 45-60 days as part of the continued work with the hired contractor to complete the policies and procedures for the Aging Network Division.

Implementation: The implementation may include adding a line on the monthly activity report that reflects and defines the 10% requirement by the AAAs.

Person Responsible: Aging Network Division Director, Senior Services Bureau Chief, and Grant Manager

2019-003 Subrecipient Monitoring (Previously 2018-003)

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting; And Significant Deficiency in Internal Control Over Compliance

Federal agency: Department of Health and Human Services

Federal program title: Aging Cluster and National Family Caregiver Support, Title III, Part E

CFDA Number: 93.044, 93.045, 93.053, and 93.052

Award Period: October 1, 2017-September 30, 2018 and October 1, 2018- September 30, 2020

Criteria: Per §200.331 Requirements for pass-through entities, all pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the information listed at §200.331 at the time of the subaward, and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the federal award and subaward.

According to Senior Services Bureau Policies & Procedures Manual Section 204, "the Aging & Longer Term Services Department" (ALTSD) shall disburse funding to the area agency, upon receipt of complete and accurate monthly activity reports, invoices, and required supporting documentation. The ALTSD shall determine at its sole discretion whether a report is sufficiently complete and accurate to permit disbursement of funds".

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019-003 Subrecipient Monitoring (Previously 2018-003) (Continued)

Condition: During our review of subrecipient monitoring, we noted the following matters.

- Two out of two subrecipients tested did not have adequate subaward agreements that include the points listed in two CFR §200.331 Requirements for pass-through entities.
- During our review of subrecipient request for reimbursements, the program was unable to provide us with one of the providers' monthly payment vouchers and the underlying supporting documentation for one out of 12 invoices. During our review of subrecipient request for reimbursements, we noted three out of 12 invoices for which there were not sufficient supporting documents for "adjustments" as listed in the invoices.

Management's progress towards implementing the prior year corrective action plan: See management's response below.

Questioned Costs: \$58,958

Context: Two out of two tested, one out of 12 invoices tested and three out of 12 adjustment invoices tested.

Cause: The Department does not have internal controls in place to ensure compliance with federal regulations or the terms and conditions of the federal award. The Department has not maintained internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements as well as compliance with department of program policy.

Effect: The Department is in violation of federal regulations and the terms and conditions of the awards. Noncompliance with applicable regulations and department policy, possible overpaid to the subrecipients.

Repeat Finding: Yes, prior year 2018-003

Auditors' Recommendation: The Department implements procedures to ensure compliance with federal regulations and the terms and conditions of federal awards. Also, the Department should provide training to the program staff to ensure staff is aware of the federal requirements and understand the procedures in place to ensure compliance with federal regulations and the terms and conditions of federal awards.

Management's Response: The Aging Network Division Director will update its current internal policies and have a procedure how Senior Services Bureau sub-recipient contracts have the correct information listed in 2 CFR200.331 allotments under Title III funding. The procedure will be updated within the next 45-60 days and beginning immediately any contract amendments with new Title III funding.

Implementation: The Department has hired a contractor to complete and finalize internal policies procedures for the Aging Network and the Senior Services Bureau. The contractor will provide training on the Older American's Act.

Person Responsible: Grant Manager and Aging Network Division Director

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019-004 Special Provisions (Previously 2018-004)

Type of Finding: Other Matter

Federal agency: Department of Health and Human Services

Federal program title: Nutrition Services Incentive Program (NISIP), Aging Cluster

CFDA Number: 93.053

Award Period: October 1, 2017-September 30, 2018 and October 1, 2018- September 30, 2020

Criteria: Per 42 USC 3030a(d)(4), states are required to promptly and equitably distribute NSIP cash to recipients of grants or contracts under OAA Title C1 and C2.

Condition: The program does not have written policies in place for determining the timeframe for distributing cash promptly.

Management's progress towards implementing the prior year corrective action plan: During fiscal year 2019, the Department made significant progress to resolve as employees were reminded of the policies and purchases were more closely reviewed.

Questioned Costs: \$-0-

Context: N/A

Cause: The program did not have a procedure for handling NSIP cash to determine whether there is a documented process for distributing cash, including established time frames.

Effect: The Department is in violation of federal regulations and the terms and conditions of the awards.

Repeat Finding: Yes, prior year 2018-004

Auditors' Recommendation: The Department implements procedures to ensure compliance with federal regulations and the terms and conditions of federal awards. Also, the Department should provide training to the program staff to ensure staff is aware of the federal requirements and understand the procedures in place to ensure compliance with federal regulations and the terms and conditions of Federal awards.

Management's Response: The Aging Network Division Director will update its current internal policies and have a procedure to determine the timeframe for distribution of NSIP allotment under Title III funding. The procedure will be updated within the next 45-60 days.

Implementation: In FY20, the NSIP award was distributed early in the fiscal year to assure that contracts and disbursements were not held up. The AAAs were given more options to distribute those funds earlier to their providers as part of their NSIP contracts.

Person Responsible: Grant Manager and Aging Network Division Director

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section IV – Other

2019-005 Financial Close and Reporting (Other Matters)

Condition: During our review of financial close and reporting, we noted the following matters:

- During review of subrecipient request for reimbursement, we noted three out of 12 invoices were not signed by the program staff and only signed by deputy secretary.
- During our review of capital outlay schedule, we noted the schedule was not completed correctly, as the prior year expenditures were omitted, current year expenditures did not reconcile to the June 30, 2019 trial balances, and there were unencumbered balances for projects with a June 30, 2019 reversion date. Management was unaware of the incomplete and unreconciled schedule.

Criteria: According to Senior Services Bureau Policies & Procedures Manual Section 204, “Upon satisfactory review and approval by the SSB contract manager, a routing form is to be prepared and attached to the MAR and invoice, submitted to the SSB Fiscal Liaison, the SSB Chief and the AND Deputy Director for signatures, and then submitted to ASD for payment”.

In accordance with the NM State Audit Rule 2.2.2.12.A(13), IPA shall audit the agency’s financial statement presentation of this capital outlay project information to ensure that they are presented in accordance with accounting principles generally accepted in the United States of America. The NM State Audit Rule 2.2.2.10.R requires special, deficiency, specific, and capital outlay appropriations funded by severance tax bonds or general obligation bonds of the State shall be disclosed in the notes to the financial statements. The original appropriation, the appropriation period, expenditures to date, outstanding encumbrances and unencumbered balances shall be shown in a SI schedule or in a note to the financial statements. The accounting treatment of any unexpended balances shall be fully explained in the SI schedule or in a note to the financial statements.

Context: Three out of 12 invoices tested. Capital outlay schedule.

Effect: Noncompliance with Department policy, possible overpayment to the subrecipients. Noncompliance with New Mexico Statutes.

Cause: Management Override and Oversight.

Recommendation: The Department or the program adheres to their internal policy. We recommend management reconcile the capital outlay schedule to the Statewide Human Resources Accounting and Reporting (SHARE) system, review completeness and determine all required disclosures are properly included.

Management’s Response: Procedures were changed to ensure timely distribution of payments to providers. The policies and procedures will be changed to reflect the new procedures. The Capital Outlay Schedule will be reviewed to ensure it is accurate and complete.

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section IV – Other (Continued)

2019-005 Financial Close and Reporting (Other Noncompliance) (Continued)

Implementation:

This will be done within 45 days to ensure adherence and allow the providers to be paid timely. A review process will be implemented to ensure the Capital Outlay Schedule is accurate prior to submitting to the auditors.

Person Responsible: Senior Services Bureau and Administrative Services Division

2019-006 Procurement (Other Noncompliance)

Condition/Context: During our testing of procurement, we noted the following issues.

- One out of two contracts tested, the Department was unable to provide evidence that they reviewed the vendor to determine if the vendor had been debarred or suspended prior to entering into a contract.

Criteria: 13-1-180.1 NMSA 1978 states that unless pursuant to a written authorization based on the compelling reasons of the governing authority of a state agency or local public body, the state purchasing agent or a central purchasing office shall not consent to enter into a subcontract subject to the Procurement Code with a person that has been debarred, suspended or proposed for debarment.

Effect: Noncompliance with New Mexico Statutes.

Cause: The suspension and debarment form was not maintained by the Department.

Recommendation: We recommend management establish procedures to ensure all procurement contracts include the suspension and debarment form and that it is properly retained.

Management's Response: The Department concurs with the finding and recommendation and is aware of the importance in complying with all provisions set forth within Statutes affecting the execution of a contract and obtaining the required documentation with regards to the suspension and debarment of a vendor.

Implementation: The Chief Procurement Officer will implement the usage of a checklist in order to ensure all required documentation is obtained prior to a contract being entered into.

Person Responsible: The Chief Procurement Officer

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section IV – Other (Continued)

2019-007 Use of State Issued Gas Credit Cards (Other Noncompliance) (Previously 2018-006)

Condition: During our testwork over gas credit cards, we identified 25 instances out 3,179 where a fuel type other than regular unleaded was purchased or provided receipts did not substantiate the purchase; these unallowable purchases amounted to approximately \$363.26.

Management's progress towards implementing the prior year corrective action plan: During fiscal year 2019, the Department made significant progress to resolve as employees were reminded of the policies and purchases were more closely reviewed.

Criteria: NMAC 1.5.3.19 NMSA 1978 states that all fuel purchases must be for unleaded fuel and exception reports are to be reviewed on a monthly basis.

Effect: Noncompliance with New Mexico Statutes.

Cause: Lack of adherence to the Department policies and procedures by department employees who use the WEX fuel cards.

Repeat Finding: 2018-006

Recommendation: We recommend the Department remind their employees of their policies and procedures pertaining to WEX fuel card usage and modify their internal controls to include follow up of instances of unallowable purchases.

Management's Response: The Department recognizes the significance and importance of monitoring all purchases pertaining to State issued gasoline credit cards. The Department has notified all ALTSD employees that all fuel purchases made with gas credit cards must contain regular unleaded fuel only. The Department will strengthen its controls by conducting monthly audits on all fuel receipts to ensure compliance to regulations and will remind all staff they all must adhere to policies and procedures in relation to fuel card purchases. The Department Fleet Coordinator will be responsible to oversee the corrective action and will report any exceptions to the respective supervisor. The corrective action implementation has begun.

Implementation: The Agency Fleet Coordinator is currently working the agency vehicle policy and procedures with our agencies policy writers, to include stricter policies and procedures for all ALTSD employees when utilizing the state vehicles and gas cards. In conjunction with rewriting the agencies policies and procedures, the fleet coordinator has been in direct communication with each division fleet coordinator to educate them on all policies and procedures pertaining to the usage of state vehicles and gas cards.

Person Responsible: Agency Fleet Coordinator

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section IV – Other (Continued)

2019-008 Internal Controls over Travel and Per Diem (Other Noncompliance) (Previously 2018-005)

Condition: During testwork over travel and per diem, we noted a reimbursement made to a public officer who claimed 140 miles more than would be reasonable based on their residence and the location of their meeting. There was no review of the miles claimed, therefore, the overpayment amounted to approximately \$61.60. Management was unable to determine the reason for the discrepancy.

Management's progress towards implementing the prior year corrective action plan: During fiscal year 2019, the Department made significant progress to resolve as employees were reminded of the policies and purchases were more closely reviewed.

Criteria: 10-8-4 NMSA 1978 states that every public officer or employee shall receive up to the IRS standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle.

Effect: Noncompliance with New Mexico Statutes.

Cause: The mileage reimbursement claim did not include support for distance traveled. There appears to be a lack of an effective procedure or policy to ensure all mileage reimbursements are properly supported.

Repeat Finding: 2018-005

Recommendation: We recommend the Department ensures that all mileage reimbursements include proper supporting documentation.

Management's Response: The Department is aware of the importance of complying with all provisions set forth in NMSA. Although the odometer reading in question was certified as true and correct as required, the department inadvertently overlooked verification of the certified mileage. As corrective action, the Accounting Manager will verify odometer readings based on the official state map or Rand McNally road atlas prior to approving such mileage claims.

Implementation: Corrective action has been implemented.

Person Responsible: ALTSD Accounting Manager

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section IV – Other (Continued)

2019-009 Internal Controls over the Conference on Aging (Other Noncompliance) (Previously 2018-008)

Condition: During our review of revenues for the Conference on Aging (Fund 62200), management was unable to provide a comprehensive reconciliation of conference attendees and fees received. We were unable to determine if all attendees were charged and paid the correct conference fee.

Management's progress towards implementing the prior year corrective action plan: During fiscal year 2019, the Department made significant progress to resolve as employees were reminded of the policies and purchases were more closely reviewed.

Criteria: NMSA 6-5-2.1.P indicates that accounts and information should be maintained, as necessary, to show the sources of state revenues and the purposes for which expenditures are made and provide proper accounting controls to protect state finances.

Effect: Conference attendees could be charged the incorrect conference fee, outstanding accounts receivable may not be collected, and theft of cash could occur.

Cause: The Department has historically not performed a comprehensive reconciliation of conference attendees and fees.

Repeat Finding: 2018-008

Recommendation: We recommend the Department development a comprehensive reconciliation for the Conference on Aging.

Management's Response: For the 2019 Conference on Aging, the Agency utilized SharePoint as a tracking system for all registrants, exhibitors, and sponsors. This system allows the Conference on Aging Staff responsible for tracking registrants and payments, the ability to reconcile payments received.

The Aging and Long Term Services Department (ALTSD), is in the process of transitioning into a new tracking system for the 2020 Conference on Aging. Aventri will provide a means to track all online registrations, sponsorships, exhibitors and will provide the attendees the ability to view the Conference agenda online and provide feedback. This system will allow the agency to identify the age of our attendees and provide a more accurate count. Aventri is a more comprehensive tracking system that will allow our agency to reconcile the Conference sponsors, exhibitors and attendees fees. Through Aventri, our agency will receive a comprehensive training on how to utilize the system to meet the needs of the Department.

Implementation: By January of 2020, the new Aventri system will implemented.

Person Responsible: Administrator

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section IV – Other (Continued)

2019-010 Internal Controls over State Vehicle Use (Other Noncompliance)

Condition: During testwork over travel and per diem, we noted 3 out of 10 instances where a state vehicle was available for an employee, but a personal vehicle was used for work travel instead.

Criteria: NMAC 1.5.3 states a state agency must develop a written policy that allows authorized drivers to use state vehicles to commute between work and residence for security purposes or if doing so is in the best interest of the state. Only the leasing agency's cabinet secretary of an executive department or the director of an independent executive state agency (not part of an executive department but still part of the executive) can approve the commuting policy and commuting of individual authorized drivers.

Effect: Noncompliance with New Mexico Statutes.

Cause: The Department does not have an internal policy related to use of state or personal vehicles. It is unclear if employees are reviewing the state vehicles available for use before using personal vehicles.

Repeat Finding: N/A

Recommendation: We recommend the Department establish a policy and procedure to ensure employees utilize state vehicles first.

Management's Response: The Agency will develop policies and procedures to ensure state vehicles are utilized prior to the use of staff owned vehicles or short-term vehicles from GSD.

Implementation: Aging & Long-Term Services is in the process of developing policies and procedures regarding State Vehicle usage.

Person Responsible: All Aging & Long Term Services Department Employees.

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019**

Section V – Financial Statement Findings

Finding #	Status
None	

Section VI – Findings and Questioned Costs – Major Federal Programs

Finding #	Status
2018-001 Allowability – Internal Control over Payroll	Repeated
2018-002 Earmarking	Repeated/Modified
2018-003 Subrecipient Monitoring	Repeated/Modified
2018-004 Special Provisions	Repeated

Section VII – Other

Finding #	Status
2018-005 Travel and Per Diem	Repeated/Modified
2018-006 Use of State-Issued Gas Credit Cards	Repeated
2018-007 Internal Controls over Cash Receipts	Resolved
2018-008 Internal Controls over the Conference on Aging	Repeated

**STATE OF NEW MEXICO AGING AND LONG-TERM SERVICES DEPARTMENT
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2019**

An exit conference was held with the Department on October 28, 2019. The conference was held at the Department's offices in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the state auditor. In attendance were:

AGING AND LONG-TERM SERVICES DEPARTMENT

Katrina Hotrum-Lopez	Cabinet Secretary
Sam Ojinaga	Deputy Cabinet Secretary
Blanca Sena	ASD Deputy Director
Brandi Flores	Grants Manager
Antoinette Solano	Accounting Manager
Dolores Gonzales	Policy and Planning Director
Valerie Garcia	Budget Director
Sarah Jacobs	General Counsel

CLIFTONLARSONALLEN LLP

Raul Anaya, CPA, CFE, CGFM	Engagement Principal
Victor Kraft, CPA, CFE, CGFM	Engagement Manager
Geneva Choi	Senior Associate

PREPARATION OF FINANCIAL STATEMENTS

Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

