

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2015

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**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
OFFICIAL ROSTER
YEAR ENDED JUNE 30, 2015**

Name	Title
Brent Earnest	Cabinet Secretary
Sean Pearson	Deputy Secretary
Mike Nelson	Deputy Secretary
Christopher Collins	General Counsel
Danny Sandoval	Director, Administrative Services Division
Donna Sandoval	Deputy Director, Administrative Services Division
Carolee Graham	Deputy Director, Administrative Services Division
Marilyn Martinez	Director, Income Support Division
Vida Tapia-Sanchez	Deputy Director, Income Support Division
Laura Galindo	Deputy Director, Income Support Division
Betina McCracken	Deputy Director, Child Support Enforcement Division
Julie Weinberg	Director, Medical Assistance Division
Russell Toal	Deputy Director, Medical Assistance Division
Nancy Smith-Leslie	Deputy Director, Medical Assistance Division
Wayne Lindstrom	Director, Behavioral Health Services Division
Carol Thomas-Gravel	Deputy CIO, Information Technology Division
Shilo Stewart	Deputy CIO, Information Technology Division
Johnna Padilla	Human Resources Director

INDEPENDENT AUDITORS' REPORT

Mr. Brent Earnest, Cabinet Secretary
State of New Mexico Human Services Department and
Mr. Timothy Keller
New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the New Mexico Human Services Department (the Department), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents. We also have audited the financial statements of the Department's fiduciary fund and the budgetary comparison schedules presented as required supplementary information, as defined by the Government Accounting Standards Board, as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

Mr. Brent Earnest, Cabinet Secretary
State of New Mexico Human Services Department and
Mr. Timothy Keller
New Mexico State Auditor

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 and each major fund as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary fund and the budgetary comparison schedules of the Department as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a 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, each major fund, the aggregate remaining fund information, and all respective budgetary comparisons of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2015, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 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.

Supplementary Information

Other Information

Our audit was conducted for the purpose of forming opinions on the Department's financial statements, the fiduciary fund, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules (Supplementary Schedules 1-4) required by 2.2.2 NMAC, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Mr. Brent Earnest, Cabinet Secretary
State of New Mexico Human Services Department and
Mr. Timothy Keller
New Mexico State Auditor

The Schedule of Expenditures of Federal Awards and other schedules as listed in the table of contents as the Schedule of Joint Powers and Other Government Agreements, the Schedule of Changes in Assets and Liabilities – Agency Fund, and the Schedule of Special Appropriations (excluding Prior Years' Expenditures) required by 2.2.2 NMAC 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 the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other schedules as listed in the table of contents as the Schedule of Joint Powers and Other Government Agreements, the Schedule of Changes in Assets and Liabilities – Agency Fund, and the Schedule of Special Appropriations (excluding Prior Years' Expenditures) required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT) and the Schedule of Special Appropriations (Prior Years' Expenditures only) have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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
November 30, 2015

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Introduction

Management's Discussion and Analysis (MD&A) is required supplementary information that is included to explain the Department's financial statements. It also presents management's diagnostic summary of the Department's finances for the fiscal year ended June 30, 2015. It should be read together with the financial statements, which follow it.

Overview of the Financial Statements

The Department's basic financial statements are presented in four parts, in the following order:

1. Department-wide financial statements,
2. Fund financial statements,
3. Notes to financial statements, and
4. Budgetary comparison statements.

Department-wide Financial Statements. The department-wide financial statements include the first two financial statements, the *Statement of Net Position* and the *Statement of Activities*. These statements report information on all of the financial activities and resources of the Department as a whole, except for information applicable to fiduciary activities. Fiduciary activities represent funds held in trust for others under the Child Support Enforcement program. These funds are not included in the resources available to support the Department's governmental activities. Governmental activities are financed by general revenue appropriations and private foundation and federal grants.

The *Department-wide Statement of Net Position* reports the assets of the Department and the corresponding claims and liabilities against those assets at June 30, 2015. The difference between the value of the assets and the liabilities is reflected as the value of the net position. Increases or decreases in net position measure whether the financial position of the Department improved or deteriorated. Net assets legally limited to a particular use are reported as restricted. Unrestricted net assets are assets that can be used to fund operating expenses in future years.

The *Department-wide Statement of Activities* reports the expenses of providing healthcare services and financial assistance to eligible New Mexico residents, and the cost of general government operations of the Department, with a comparison of the program revenues obtained to finance them, and the general revenues made available to fund the difference. The statement also reports the change in net position during the 2015 fiscal year.

The Department's activities are grouped into the functional programs. The healthcare services program within the Medical Assistance Division is primarily funded under the Centers for Medicare and Medicaid Services (CMS) program administered by the U.S. Department of Health and Human Services (DHHS). The behavioral health services programs are funded by the DHHS Substance Abuse and Mental Health Services Administration (SAMHSA), Center for Substance Abuse Treatment (CSAT), and the State of New Mexico. Financial assistance programs are funded by the U.S. Department of Agriculture, the DHHS Administration for Children and Families, and the State of New Mexico. General government costs include the costs of administering the healthcare and financial assistance programs, and the costs of administering the Child Support Enforcement and Behavioral Health Services programs.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

General revenues are made available to the Department through appropriations from the State General Fund and other special funds, as well as through amounts transferred from other state and local agencies that participate in the healthcare and financial assistance programs.

Fund Financial Statements. The fund financial statements that follow the department-wide financial statements report on the financial position and changes in financial position of the individual funds used by the Department. Funds are separate accounting entities used in government accounting to segregate transactions according to the sources of funding and to demonstrate legal compliance with the restrictions that may be imposed on those financial resources. The Department uses two types of funds to account for its financial activities: Governmental Funds and Fiduciary Funds.

Governmental Funds are used to account for the finances of the governmental activities reported in the department-wide financial statements. The Department uses two types of governmental funds: a *general fund* to account for activities not required to be accounted for in other funds, and *special revenue funds* to account for collection and expenditure of earmarked and restricted fund resources. Please refer to Note 2 to the financial statements for an explanation of these funds.

Fiduciary Funds are used to account for resources the Department holds for others. The Department uses one fiduciary fund (Fund 978), which is an *agency fund* used to hold child support payments collected from non-custodial parents until the payments are remitted to the custodial parents or third parties. The finances of this fund are reported in a separate statement of fiduciary assets and liabilities. The resources of this fund are excluded from the department-wide financial statements because they cannot be used to finance the Department's operations.

Reconciliation of Department-wide Financial Statements to Fund Financial Statements. Differences in amounts reported in the department-wide financial statements versus in the fund financial statements result from the different measurement focus and basis of accounting used. The measurement focus used for governmental funds is based on budgetary control and the flow of resources in the current year. A reconciliation of differences between department-wide and fund financial statements is provided in separate schedules that detail the differences in accounting treatment.

The budgetary comparison statements furnish a budget-to-actual comparison for all governmental funds to report compliance with the approved budget. The budget amounts reported are those in the *Original Budget* and in the final *Amended Budget*, which reflects all legal adjustments made to the budget since the start of the fiscal year. The *Budgetary Actual* amounts are stated on the same basis as the budget figures.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide detailed information to support and explain key financial information presented in the department-wide and fund financial statements. The notes provide information on the activities of the Department, on the bases of accounting used, and on accounting policies reflected in the financial statements, in addition to clarifying key financial information. They are integral to understanding the financial statements.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Supplemental Information. Supplemental Information is provided to demonstrate reconciliation of cash balances to the State Treasurer, to detail the open Joint Powers Agreements, to report the change in assets and liabilities of the agency fund, to review budgetary comparisons, and to report the details of federal grant awards and expenditures. The information is provided in compliance with federal and state reporting requirements.

Analysis of the Department's Finances as a Whole

The Department is pleased to provide comparative financial information for fiscal years 2013 through 2015. Management has not attempted to recast this information, except as adjusted in preparation of the fiscal year 2015 financial statements and information.

At the end of Fiscal Year 2015, the Department does not have a deficit balance in any of the funds. The Department is current with reconciliation of expenditures, revenues, and federal reporting.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Net Position and Changes in Net Position. Table 1 summarizes the net position in Governmental Activities of the Department for the fiscal year ended June 30, 2015, with comparative balances for the fiscal years ended June 30, 2014 and June 30, 2013.

Table 1 – Net Position

	Governmental Activities <u>FY2015</u>	Governmental Activities <u>FY2014</u>	Governmental Activities <u>FY2013</u>	Increase (Decrease) <u>2014 to 2015</u>	% Change
Assets:					
Current Assets	\$ 398,033,978	\$ 534,594,169	\$ 294,299,922	\$ (136,560,191)	-26%
Non-Current Assets	100,311,946	105,576,063	56,133,037	(5,264,117)	-5%
Total Assets	<u>\$ 498,345,924</u>	<u>\$ 640,170,232</u>	<u>\$ 350,432,959</u>	<u>\$ (141,824,308)</u>	-22%
Liabilities:					
Current Liabilities	<u>\$ 390,446,834</u>	<u>\$ 527,573,439</u>	<u>\$ 364,120,875</u>	<u>\$ (137,126,605)</u>	-26%
Total Liabilities	390,446,834	527,573,439	364,120,875	(137,126,605)	
Net position:					
Net Investment in Capital Assets	100,311,946	105,576,063	56,133,037	(5,264,117)	-5%
Restricted	386,516	259,732	164,310	126,784	49%
Unrestricted	<u>7,200,628</u>	<u>6,760,998</u>	<u>(69,985,263)</u>	<u>439,630</u>	7%
Total Net Position (Deficit)	<u>107,899,090</u>	<u>112,596,793</u>	<u>(13,687,916)</u>	<u>(4,697,703)</u>	-4%
Total Liabilities and Net Position	<u>\$ 498,345,924</u>	<u>\$ 640,170,232</u>	<u>\$ 350,432,959</u>	<u>\$ (141,824,308)</u>	-22%

The Department's net investment in capital assets totaled \$100,311,946 at June 30, 2015. The decrease from 2014 is the depreciation of the eligibility system ASPEN that was fully implemented in 2014.

The net position of the Department is consistent with that of 2014, the only major change being the depreciation expense and the impact on noncurrent assets; at June 30, 2015, net position was \$107,899,090.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Table 2 – Changes in Net Position

Table 2 presents the detail changes in net position from 2013 to 2015. Net position decreased by \$4,697,703 in 2015, resulting in net position at June 30 of \$107,899,090.

	Governmental Activities <u>FY2015</u>	Governmental Activities <u>FY2014</u>	Governmental Activities <u>FY2013</u>	Increase (Decrease) <u>2014 to 2015</u>	% Change
Revenues:					
Program Revenues:					
Charges for Services	\$ 100,865,487	\$ 128,147,627	\$ 107,059,986	\$ (27,282,140)	-21%
Federal Funds	<u>5,037,313,915</u>	<u>3,999,537,951</u>	<u>3,562,438,620</u>	<u>1,037,775,964</u>	26%
Total Program Revenues	5,138,179,402	4,127,685,578	3,669,498,606	1,010,493,824	24%
General Revenues and Special Items:					
State Appropriation, Net	1,014,587,100	1,031,081,894	984,880,681	(16,494,794)	-2%
STB Proceeds	747,816	6,140,591	1,211,594	(5,392,775)	-88%
Contributed Assets	209,679	-	-	209,679	N/A
Transfer from Other					
State Agencies	<u>145,974,582</u>	<u>210,845,673</u>	<u>151,985,294</u>	<u>(64,871,091)</u>	-31%
Total Revenues	6,299,698,579	5,375,753,736	4,807,576,175	923,944,843	17%
Expenses and Transfers Out					
Healthcare Services	5,133,388,327	4,178,727,421	3,663,426,727	954,660,906	23%
Financial Assistance	821,303,741	766,780,091	812,806,004	54,523,650	7%
General Government	<u>349,704,214</u>	<u>303,961,515</u>	<u>276,504,556</u>	<u>45,742,699</u>	15%
Total Expenses and Transfers	<u>6,304,396,282</u>	<u>5,249,469,027</u>	<u>4,752,737,287</u>	<u>1,054,927,255</u>	20%
Increase (Decrease) in Net Position	(4,697,703)	126,284,709	54,838,888	(130,982,412)	-104%
Net Position - Beginning of Year	<u>112,596,793</u>	<u>(13,687,916)</u>	<u>(68,526,804)</u>	<u>126,284,709</u>	-923%
Net Position - End of Year	<u>\$ 107,899,090</u>	<u>\$ 112,596,793</u>	<u>\$ (13,687,916)</u>	<u>\$ (4,697,703)</u>	-4%

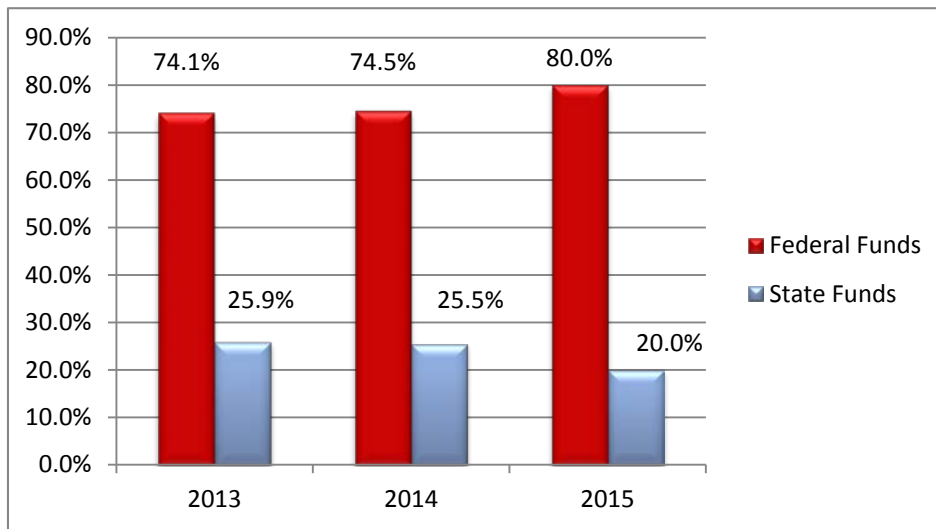
Table 2 reflects 24% growth in program revenues. Charges for services decreased in 2015 as a result of three factors: 1) fluctuations in drug rebate amounts invoiced to managed care organizations; 2) a reduction in a prior year receivable related to Sole Community Provider; and 3) a reduction in a prior year receivable from University of New Mexico (UNM). Federal funds increased as a result of the new adult group in Medicaid Expansion for which the Department received 100% federal funding and the increase in 100% federal Supplemental Nutritional Assistance Program (SNAP) enrollment.

Severance Tax Bonds (STB) decreased in 2015; STB were part of the funding for the ASPEN eligibility system implementation completed in 2014. The \$73 million due from the State General Fund at June 30, 2014, meant to cover deficit fund balance in fund 976, resulted in comparatively lower transfers in 2015.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Healthcare services expenditures increased by 23% due to the expansion of Medicaid to the new adult group in 2015. The amount of SNAP benefits increased by \$40 million and was the main cause of the increase in Financial Assistance expenditures. General government expenditures increased by 15% due to the maintenance and operations of ASPEN and the planning costs of the Child Support Enforcement System Replacement and the Medicaid Management Information System Replacement.

Figure 1 – Changes in Federal and State Revenues



The comparison of the Department's federal and state revenues over the past three years is shown in Figure 1. The Department's ratio of federal revenues to total revenues and transfers in 2015 increased to 80% due to the 100% federal funding for the expansion of Medicaid and the new adult group. The remaining 20% state funds were comprised of State general revenue appropriations, reimbursements from other state agencies, miscellaneous revenues and transfers.

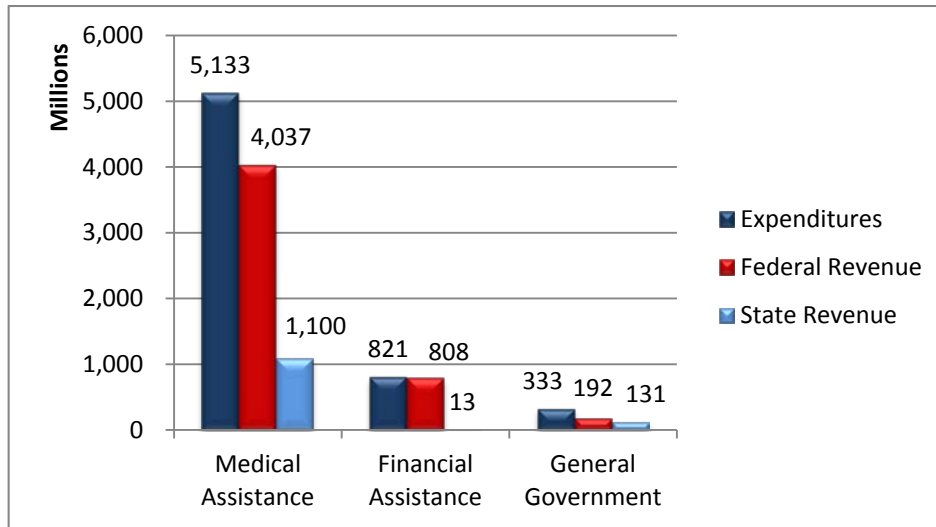
The Department was subject to additional testing and sampling in 2015 for the 100% federal funding by the Centers for Medicare and Medicaid Services (CMS) of the new adult group in Medicaid Expansion. The Department must also have approval of the federal awarding agencies CMS and USDA for the maintenance and operations of ASPEN and the cost of eligibility staff using ASPEN. Proposed allocation methods and estimated budgetary amounts are submitted to CMS and USDA on an annual basis and updated as-needed. The detail amounts of grant funded expenditures can be seen in the Schedule of Expenditures of Federal Awards (SEFA) on page 74.

The *Statement of Activities* reports program, matching state revenue and direct expenses for the Department's governmental activities. Direct expenses are those directly associated with a program. Program revenues include reimbursements by other agencies for payment of services provided to clients on their behalf, as well as grants that are designated to meet operational requirements of the programs.

Governmental Activities Costs not covered by program revenues are covered by the sources of general revenues that primarily include state appropriations and transfers from other state agencies. Figure 2 shows the relationship of governmental direct expenses to program revenues for fiscal year 2015.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Figure 2 – Total Expenditures and Revenues



The total costs of all the Department's governmental activities this year was \$6,287,391,067. Of these total costs, 82% were for medical assistance services provided to eligible residents of the state, primarily under the Medicaid program, of which 78% was financed by federal grants, and general revenues and charges for services funded 22%. Most of the state appropriations are committed to match the federal government's share of the costs of the medical assistance program.

A total of \$821,303,741 or 13% of total costs pertains to financial assistance provided to eligible residents; 98% of these costs were funded by federal grants. The remaining 2% was financed with state funds, including charges for services.

The overall increase in expenditures from 2014 is caused largely by the increase in healthcare services (Medicaid).

Budgetary Highlights

Original Budget Compared to Amended Budget. Differences between the original budget and the final amended budget were a result of various budget adjustments and appropriations. The agency budgeted federal funds, miscellaneous revenues, the reauthorization of computer systems enhancement funds, and the associated certified federal financial participation.

- In Fund 052 (General Operating Fund), there were increases totaling \$20,263,803.
- In P522, there was one budget increase processed totaling \$2,459,300. This increase was from federal funds for activity related to Medicaid Eligibility determinations in the ASPEN system. This activity had previously been funded at 50% federal funds and can now be claimed at 75% federal funds. The result was an increase of \$2.459 million in federal funds in the Information Technology Division budget of P522 to support Maintenance and Operation of the ASPEN System.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

- In P523, there were no budget adjustments.
- In P524, there was one budget decrease of \$2 million (\$200,000 in General Fund and \$1,800,000 in federal funds) from Fund 052 to Fund 901 for Medicaid Management Information System Replacement planning activities. There were six increases totaling \$4,804,900. Four of the increases totaling \$2,608,650 were from Federal Funds, which were flow through to DOH, UNM, DDPC and the Schools where upon certification by these agencies that the services were provided and certifications of the match HSD will reimburse the Federal Funds. One increase for \$1,613,500 was to increase the contract to support the Medicaid Management Information System (MMIS). This federal increase aligns the federal funds with the deliverables in the contract which vary dependent on the activity. Finally, one adjustment of \$582,750 was processed to budget CHIPBRA bonus funds for contracts in the P524.
- In Fund 974, there was one budget increase of \$3,600,000 from Federal Funds for the LIHEAP program. The LIHEAP program has carryover funds which the program is attempting to spend down. This increase aligned the budget with the projected program expenditure.
- In Fund 975, there was one decrease in General Fund totaling \$600,000, which transferred funds to fund 052 as discussed above.
- In Fund 976 P524 (Medical Assistance), there were two increases totaling \$467,012,500 to increase federal funds to the level indicated in the Medicaid projection model. There has been a great deal of volatility in the federal funds level due to the expansion of Medicaid where the expansion population is eligible for 100% federal reimbursement. There was also one adjustment of \$24,148,000 to increase drug rebate revenue to the projected level. Revenue from this source has some prior quarters which have not been claimed and this adjustment reflects some catch up. There was also one transfer out of Medicaid Program to Medicaid Behavioral Health (P524 to P766) of \$8,735,000 align the budget in Medicaid Behavioral Health with the Medicaid projection.
- In Fund 976 P525, there was one federal increase of \$84,000 in federal funds to allow funds to be transferred to the Department of Health for the Refugee Health Screening Program.
- In Fund 976 P766, there were two federal increases totaling \$45,546,600 to increase federal funds to the level indicated in the Medicaid projection model. As discussed above, there has been a great deal of volatility in the federal funds level due to the expansion of Medicaid, where the expansion population is eligible for 100% federal reimbursement. There was also a transfer of \$8,735,000 in general fund from Medicaid Program to Medicaid Behavioral Health, which was discussed above.
- In fund 20520, there was one increase of \$241,630 to budget the Traumatic Brain Injury Grant which was not anticipated when the SFY15 budget was developed.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Below are Special Appropriations that were processed in FY2015

- In Fund 901 (Data Processing Appropriations), one increase was processed for \$2 million to fund the MMIS replacement activities. This was a transfer from fund 052, P524 as discussed above. There was also an increase of \$14,208,060 in Federal Funds for the Health Insurance Exchange grant. Those funds were subsequently transferred to the NM Health Insurances Exchange.

Amended Budget Compared to Actual Expenditures and Revenues

- In Fund 052, the ending fund balance of \$9,510,533 has four components. Of that amount, \$58,234 is inventory and prepaid items, \$386,516 reflects the DASIS funding that is reserved for subsequent fiscal year expenditures, \$8,178,157 is Child Support Incentive Funds earned by the Department which will be used to support the Child Support IT system replacement, and \$887,626 is a SNAP Bonus earned by Income Support Division for timely processing which has yet to be programmed.
- In Fund 20520, expenditures exceeded revenue by \$408,996, which reflects the non-reverting balances in this fund. The Traumatic Brain Injury fund is a non-reverting interest bearing fund.
- In Fund 901, the ending fund balance is \$210,661, which reflects the balances in the Child Support replacement appropriation which had not yet expired at the end of SFY2015
- In Fund 974, total revenues and total expenditures equaled each other, reflecting the nature of the flow through of the LIHEAP program, which has no match requirement.
- In Fund 975, total revenues exceeded total expenditures by \$342,783, which is the SSIAR balances authorized to be retained and rolled forward to SFY16 for the General Assistance Program.
- In Fund 976, the ending committed fund balance is \$500,000, which reflects an appropriation from the General Appropriations Act of 2015, section 5, number 40 to support Medicaid increases for nursing home facilities. The funding is available for SFY15 and SFY16. The Department will increase rates for nursing homes in SFY16 and these balances will be used in SFY16.

Capital Assets and Debt Management

Capital Assets. The Department's investment in capital assets as of June 30, 2015 amounted to \$100,311,946, net of accumulated depreciation. This investment in capital assets includes automobiles, equipment and machinery, data processing, and furniture and fixtures. The decrease in the Department's investment in capital assets for the current period was 5%. The decrease in capital assets was due to the completion of the new eligibility system ASPEN in 2014.

Accumulated depreciation expense for the year was \$16,507,342, with \$6,668,305 expensed in the current year. All depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Capital assets for the Department are presented in Note 5 to illustrate changes from the prior year.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2015**

Debt. At June 30, 2015, the Department had no long-term debt resulting from borrowing.

Things Affecting the Department's Future

Medicaid Expansion

The Department budget request for 2017 was over \$7 billion, an overall increase of almost 8% from 2016. The largest driver in the increase is Medicaid enrollment growth; the federal funds in the request include 81% of the total budget, but there is still an increase in the amount of State funds needed. In 2017, the federal funds for the Medicaid Expansion population will be stepped down from 100% to 95%. The Department in 2017 and in the coming years will have to pursue cost containment and other revenue options to lessen the burden of Medicaid Expansion, while also ensuring healthcare quality, measuring health outcomes and managing managed care organization (MCO) performance.

Medicaid enrollment is exceeding projections made in 2014; as of August 2015, actual enrollment is 822,428, which includes 226,783 in the new adult group. It is projected that total enrollment could reach 900,000 by the end of 2017, with the new adult group totaling 380,000.

Replacement of Medicaid and Child Support Information Systems

The Department is planning the replacement of the existing Medicaid Management Information System (MMIS) to meet Centers for Medicare and Medicaid Services (CMS) requirements, as well as the replacement of the existing Child Support Enforcement System (CSES) so that it uses current technology and includes business processes that better support CSED activities. Both replacement projects are being undertaken in a coordinated effort called the Health and Human Services (HHS) 2020. The HHS 2020 framework will accommodate changing requirements, allow adoption of advancing technology and support other New Mexico HHS departments. HHS 2020 will be an outcomes-based model and will provide improved access to more extensive, quality data. Extended planning and initial procurements will continue into 2016.

Contacting the Department's Financial Management

The Department's financial statements are designated to present users with a general overview of the Department's finances and to demonstrate the Department's accountability. If you have any questions about the report or need additional information, contact the Department CFOs, Danny Sandoval or Donna Sandoval, at the Administrative Services Division, New Mexico Human Services Department, P.O. Box 2348, Santa Fe, New Mexico 87504-2348.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2015**

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 25,750
Investment in State General Fund Investment Pool	36,322,685
	36,348,435
Receivables:	
Federal Grants, Net of Allowance of \$2,169,384	303,969,071
Accounts Receivable, Net of Allowance of \$140,148,562	35,580,520
Due from Other State Agencies	21,722,798
Net Receivables	361,272,389
Supplies and Commodities Inventory	413,154
Total Current Assets	398,033,978
NON-CURRENT ASSETS	
Capital Assets, Net	100,311,946
TOTAL ASSETS	\$ 498,345,924
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 45,781,371
Accrued Payroll	2,846,409
Healthcare Services Payable	283,024,526
Due to State General Fund Investment Pool	2,539,098
Reversion Payable to State General Fund	18,749,310
Compensated Absences	3,660,454
Other Liabilities	10,443,983
Due to Other State Agencies	14,084,661
Unearned Revenue	567,556
Due to Other Entities	8,749,466
Total Liabilities	390,446,834
NET POSITION	
Net Investment in Capital Assets	100,311,946
Restricted for Special Programs	386,516
Unrestricted	7,200,628
Total Net Position	107,899,090
TOTAL LIABILITIES AND NET POSITION	\$ 498,345,924

See accompanying Notes to Financial Statements.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Major Funds		
	05200	20520	89200
	General Fund	Traumatic Brain Injury	Severance Tax Bond Proceeds
ASSETS			
Cash	\$ 750	\$ -	\$ -
Investment in State General Fund			
Investment Pool	11,828,581	704,955	-
Federal Grants Receivable, Net	45,727,487	108,677	-
Accounts Receivable, Net	786,457	-	-
Due from State General Fund	-	-	-
Due from Other State Agencies	432,779	84,900	266,127
Due from Other Funds	170,274	-	-
Supplies and Commodities Inventory	58,234	-	-
	<u>58,234</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 59,004,562</u>	<u>\$ 898,532</u>	<u>\$ 266,127</u>
LIABILITIES			
Accounts Payable	\$ 30,853,198	\$ 294,866	\$ -
Accrued Payroll	2,827,629	-	-
Healthcare Services Payable	-	-	-
Due to State General Fund			
Investment Pool	-	-	266,127
Reversion Payable to State General Fund	2,092,470	-	-
Other Liabilities	360,626	-	-
Due to Other State Agencies	10,678,582	-	-
Unearned Revenue	212,636	-	-
Due to Other Funds	-	-	-
Due to Other Entities	2,468,888	-	-
	<u>49,494,029</u>	<u>294,866</u>	<u>266,127</u>
Total Liabilities			
FUND BALANCES			
Nonspendable - Inventory	58,234	-	-
Restricted	386,516	-	-
Committed	-	603,666	-
Assigned	9,065,783	-	-
Unassigned	-	-	-
	<u>9,510,533</u>	<u>603,666</u>	<u>-</u>
Total Fund Balances			
Total Liabilities and Fund Balances	<u>\$ 59,004,562</u>	<u>\$ 898,532</u>	<u>\$ 266,127</u>

See accompanying Notes to Financial Statements.

Major Funds

90100 Data Processing Appropriations	97400 Income Support L Warrants	97500 Income Support N Warrants	97600 Medical Assistance	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 25,000	\$ 25,750
-	135,400	-	23,653,749	36,322,685
4,352,791	587,294	10,823,019	242,369,803	303,969,071
807,703	-	380	33,985,980	35,580,520
-	-	-	-	-
-	-	-	20,938,992	21,722,798
-	-	-	-	170,274
-	-	354,920	-	413,154
<u>\$ 5,160,494</u>	<u>\$ 722,694</u>	<u>\$ 11,178,319</u>	<u>\$ 320,973,524</u>	<u>\$ 398,204,252</u>
\$ 3,793,205	\$ 722,694	\$ 3,535,241	\$ 6,582,167	\$ 45,781,371
1,144	-	17,636	-	2,846,409
-	-	-	283,024,526	283,024,526
1,028,497	-	1,244,050	424	2,539,098
122,778	-	958,678	15,575,384	18,749,310
4,209	-	1,093,722	8,985,426	10,443,983
-	-	3,364,689	41,390	14,084,661
-	-	354,920	-	567,556
-	-	-	170,274	170,274
-	-	16,370	6,264,208	8,749,466
4,949,833	722,694	10,585,306	320,643,799	386,956,654
-	-	-	-	58,234
-	-	-	-	386,516
210,661	-	593,013	500,000	1,907,340
-	-	-	-	9,065,783
-	-	-	(170,275)	(170,275)
<u>210,661</u>	<u>-</u>	<u>593,013</u>	<u>329,725</u>	<u>11,247,598</u>
<u>\$ 5,160,494</u>	<u>\$ 722,694</u>	<u>\$ 11,178,319</u>	<u>\$ 320,973,524</u>	<u>\$ 398,204,252</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2015**

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	\$	11,247,598
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

The Cost of Capital Assets is		116,819,288
Accumulated Depreciation is		<u>(16,507,342)</u>
Total Capital Assets		100,311,946

Long-term and certain other liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term and other liabilities at year end consist of:

Compensated Absences Payable		<u>(3,660,454)</u>
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Net Position of Governmental Activities (Statement of Net Position)	\$	<u><u>107,899,090</u></u>
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**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	Major Funds		
	05200	20520	89200
	General Fund	Traumatic Brain Injury	Severance Tax Bond Proceeds
REVENUES			
Federal Grants	\$ 182,494,886	\$ 140,415	\$ -
Other Revenues	8,174,001	788,301	-
Total Revenues	<u>190,668,887</u>	<u>928,716</u>	<u>-</u>
EXPENDITURES			
Current:			
Healthcare Services:			
Contractual Services	-	-	-
Healthcare Services:	-	-	-
Total Healthcare Services	<u>-</u>	<u>-</u>	<u>-</u>
Financial Assistance:			
Personal Services	-	-	-
Contractual Services	-	-	-
Financial Assistance	-	-	-
Total Financial Assistance	<u>-</u>	<u>-</u>	<u>-</u>
General Government:			
Personal Services	109,907,841	-	-
Contractual Services	124,955,406	1,337,712	747,808
Other Operating Costs	41,192,924	-	-
Total General Government	<u>276,056,171</u>	<u>1,337,712</u>	<u>747,808</u>
Capital Outlay	1,194,509	-	-
Total Expenditures	<u>277,250,680</u>	<u>1,337,712</u>	<u>747,808</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(86,581,793)	(408,996)	(747,808)
OTHER FINANCING SOURCES (USES)			
State General Fund Appropriations	108,563,700	-	-
Transfers in from Other State Agencies	1,739,757	-	-
Transfers out to Other State Agencies	(20,559,871)	-	-
Severance Tax Bond Proceeds	-	-	747,816
Reversions	(1,401,561)	-	(8)
Net Other Financing Sources (Uses)	<u>88,342,025</u>	<u>-</u>	<u>747,808</u>
NET CHANGE IN FUND BALANCES	1,760,232	(408,996)	-
Fund Balances - Beginning	7,750,301	1,012,662	-
FUND BALANCES - ENDING	<u>\$ 9,510,533</u>	<u>\$ 603,666</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

Major Funds				
90100 Data Processing Appropriations	97400 Income Support L Warrants	97500 Income Support N Warrants	97600 Medical Assistance	Total Governmental Funds
\$ 9,105,821	\$ 13,273,669	\$ 794,880,629	\$ 4,037,418,495	\$ 5,037,313,915
12,918,176	-	2,420,140	76,564,869	100,865,487
<u>22,023,997</u>	<u>13,273,669</u>	<u>797,300,769</u>	<u>4,113,983,364</u>	<u>5,138,179,402</u>
-	-	-	5,214,886	5,214,886
-	-	-	5,128,173,441	5,128,173,441
-	-	-	<u>5,133,388,327</u>	<u>5,133,388,327</u>
-	-	663,908	-	663,908
-	-	19,358,027	-	19,358,027
-	13,273,669	749,206,253	-	762,479,922
-	<u>13,273,669</u>	<u>769,228,188</u>	-	<u>782,501,857</u>
-	-	-	-	109,907,841
23,408,777	-	-	-	150,449,703
-	-	-	3,686,588	44,879,512
<u>23,408,777</u>	-	-	<u>3,686,588</u>	<u>305,237,056</u>
-	-	-	-	1,194,509
<u>23,408,777</u>	<u>13,273,669</u>	<u>769,228,188</u>	<u>5,137,074,915</u>	<u>6,222,321,749</u>
(1,384,780)	-	28,072,581	(1,023,091,551)	(1,084,142,347)
200,000	-	12,028,800	893,794,600	1,014,587,100
-	-	-	144,234,825	145,974,582
-	-	(38,801,884)	(84,000)	(59,445,755)
-	-	-	-	747,816
<u>(122,783)</u>	-	<u>(956,714)</u>	<u>(14,524,149)</u>	<u>(17,005,215)</u>
<u>77,217</u>	-	<u>(27,729,798)</u>	<u>1,023,421,276</u>	<u>1,084,858,528</u>
(1,307,563)	-	342,783	329,725	716,181
<u>1,518,224</u>	-	<u>250,230</u>	-	<u>10,531,417</u>
<u>\$ 210,661</u>	<u>\$ -</u>	<u>\$ 593,013</u>	<u>\$ 329,725</u>	<u>\$ 11,247,598</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$	716,181
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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 increase in compensated absences for the fiscal year was:		(149,767)
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Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts were:

Capital Outlay		1,194,509
Donated Assets		209,679
Depreciation Expense		(6,668,305)
Excess of Capital Outlay Over Depreciation Expense		<u>(5,264,117)</u>

Change in Net Position of Governmental Activities (Statement of Activities)	\$	<u>(4,697,703)</u>
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**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND
YEAR ENDED JUNE 30, 2015**

	<u>97800 Child Support Enforcement</u>
ASSETS	
Current Assets:	
Interest in the State Treasurer General Fund Investment Pool	\$ 1,047,922
Other Receivables, Net of Allowance of \$1,850,374	425,416
Due from Other Agencies	<u>4,830</u>
Total Assets	<u><u>\$ 1,478,168</u></u>
LIABILITIES	
Current Liabilities:	
Deposits Held in Trust for Others	\$ 1,052,752
Other Liabilities	<u>425,416</u>
Total Liabilities	<u><u>\$ 1,478,168</u></u>

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 ORGANIZATION AND PURPOSE

The State of New Mexico Human Services Department (the Department) is the primary provider of social welfare services to the citizens of New Mexico (State). Specific programs accomplish a number of services, including income support, medical assistance, behavioral health, food stamp distribution, commodity distribution and child support enforcement.

The chief executive of the Department is the Department Secretary, who is appointed by the Governor of New Mexico and is a member of the Governor's cabinet. The Department's functions are administered by the Office of the Secretary and through the Behavioral Health Services, Child Support Enforcement, Medical Assistance, and Income Support Divisions. Overall support is provided by the Administrative Services Division; technical support is provided by the Information Technology Division. There are no component units of the Department.

The financial reporting entity, as defined by GASB Statements 14 and 39, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. This definition of the reporting entity is based primarily on the notion of financial accountability as the "cornerstone of all financial reporting in government".

The accompanying financial statements of the Department include all funds and activities over which the Department has oversight responsibility. Even though the Governor appoints the Department Secretary, the Secretary has decision-making authority, the power to designate management, the responsibility to significantly influence operations, and is primarily accountable for fiscal matters. The Department is part of the primary government of the State of New Mexico, and its financial data is included with the financial data in the state of New Mexico's Comprehensive Annual Financial Report. These financial statements present financial information that is attributable to the Department and does not purport to present the financial position of the State of New Mexico.

Legislation and regulations at all levels of government have affected, and are likely to continue to affect, the operations of the Department. As a department of the State of New Mexico, the Department is exempt from paying federal income tax.

As the primary provider of social welfare programs in New Mexico, the Department is dependent on governmental funding and appropriations. For the year ended June 30, 2015, federal revenue represented 80% of the Department's total revenue and other financing sources.

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Reporting Entity

The financial statements for the Department have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, 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 Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

Department-wide and Fund Financial Statements

The department-wide financial statements include two statements: the statement of net position and the statement of activities. The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the Department.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. The functions of the Department have been defined as healthcare services, financial assistance and general government. Healthcare services consist primarily of transactions in fund 97600, and financial assistance consists primarily of transactions in funds 97400 and 97500. Transactions in all other funds have been classified as general government.

Program revenues include (1) charges to applicants for provision of healthcare services, financial assistance and government services; and (2) operating grants and contributions. Program revenues included in the statement of activities reduce the cost of the function to be financed from general revenues. Items not properly identified as program revenues are reported instead as general revenues.

The Department reports all direct expenses by program in the statement of activities. Direct expenses are those clearly identifiable with a function. All indirect expenses are recorded in the general government functional expense category.

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

The Department uses funds to report on its financial position and the changes in financial position. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds of the Department are classified into two categories: governmental and fiduciary.

Governmental Funds are used to account for most of the Department's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds). The *General Fund* is used to account for all activities of the Department not required to be accounted for in other funds. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for a specified purpose other than debt service or capital projects.

The *Fiduciary Fund* is used to account for assets held on behalf of outside parties or on behalf of other funds within the Department. Agency funds generally are used to account for assets that the Department holds on behalf of others as their fiscal agent. The Department's fiduciary fund (fund 97800) does not receive any funding from the state or federal government. Costs of administering fund 97800 are recorded in the Department's General Fund.

Separate financial statements are provided for governmental funds and the fiduciary fund. In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, the fiduciary funds are excluded from the department-wide financial statements as they do not represent resources available to fund the Department's programs. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Department presents the following governmental funds, all of which are major:

General Fund (05200) - The *General Fund* is used to account for the general operations of the Department in carrying out its specific functions and behavioral health services. Sources of revenue are primarily from state appropriations and federal grants (to fund program administrative costs). Unexpended state appropriations in fund 05200 revert back to the State General Fund for reappropriation. The Department determines reversions by tracking expenditures for special appropriations and contributions separately.

Special Revenue Fund (Traumatic Brain Injury) (20520) – The Traumatic Brain Injury fund is funded with an accumulation of five dollar fees attached to each moving traffic violation citation in the state of New Mexico. The fees are for programs and services dedicated to all individuals who have experienced a brain injury. For fiscal year 2013, funding is 100% from traffic fees. Unexpended state appropriations in fund 20520 revert back to the State General Fund for reappropriation when the appropriation period expires.

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Severance Tax Bonds (89200) – This fund was established to account for the sale of severance tax bonds to provide funds for various waste handling projects. This fund is a reverting fund. Source of funding: Severance Tax Bonds.

Special Revenue Fund (General Appropriation Act of 2003, Laws of 2003, Chapter 76) (90100) - Data Processing Appropriations is used to track special appropriations for specific information technology projects. Unexpended state appropriations in fund 90100 revert back to the State General Fund for reappropriation when the appropriation period expires. Appropriations in this fund are multi-year appropriations.

Special Revenue Fund (Section 6-5-9 NMSA 1978) (97400) - Income Support L Warrants is used to account for "L" Warrants. "L" Warrants are issued to Low Income Home Energy Assistance Program vendors for energy assistance to qualified clients, various other vendors for work, educational assistance, and child care provided to qualified clients. Unexpended state appropriations in fund 97400 revert back to the State General Fund for reappropriation.

Special Revenue Fund (Section 6-5-9 NMSA 1978) (97500) - Income Support N Warrants is used to account for "N" Warrants. "N" Warrants are issued to the State Treasurer's Office (STO) to pay the electronic transactions for food benefits and financial assistance. These manual warrants are based on the actual draws made by clients on a daily basis. System-generated "N" Warrants are issued to General Assistance clients when the client requires benefits before they receive the EBT card. Unexpended state appropriations in fund 97500 revert back to the State General Fund for reappropriation.

Special Revenue Fund (Section 6-5-9 NMSA 1978) (97600) - Medical Assistance is used to account for the "P" Warrants. "P" Warrants are issued to all vendors who provide Medicaid services to eligible clients. Unexpended state appropriations in fund 97600 revert back to the State General Fund for reappropriation. Medicaid payments may be expended by the Department for Medicaid obligations incurred in prior fiscal years.

In addition to the governmental funds, the Department maintains the following fiduciary fund:

Agency Fund - Child Support Enforcement (97800) is a fiduciary agency fund. The Fund is used to record the receipt of child support payments from noncustodial parents. The funds received from the noncustodial parents are transmitted to custodial parents. None of the funds recorded in fund 97800 are used to support the Department's programs.

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The Child Support Enforcement Division (CSED) aids New Mexico residents in obtaining support from noncustodial parents who have not made payments for their dependent children. In a number of these cases, the child is a recipient of financial assistance, and some of the payments collected from the parent may be retained by the Department as reimbursement of financial assistance to the child under other programs.

The Department estimates that noncustodial parents owe custodial parents a significant amount of past due support. An allowance for doubtful accounts has been recorded equal to the full amount owed by the noncustodial parents that the Department estimates will be uncollectible. A significant portion of the amount is payable either to third parties such as the individual on whose behalf the payment was originally required or the U.S. Department of Health and Human Services for cases in which a child is receiving financial assistance from that department.

Basis of Accounting

The government-wide financial statements and agency funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance (deficit) for these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A six-month availability period is used for federal revenue recognition. A 60-day availability period is used for revenue recognition for all other governmental fund revenues. Those revenues susceptible to accrual are primarily amounts due from the federal government and other state agencies. Expenditures are recorded when the related fund liability is incurred.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Specifically, all revenues are recognized as follows:

1. State general fund appropriations, which must be used in a specified manner, are recognized when authorized, all eligibility requirements have been met, and the resources are available. Certain special appropriations require project approval from the Department of Information Technology. The Department considers this part of the eligibility requirements and does not recognize the revenue until the approval is obtained.
2. Federal and other grants revenues are recognized when the applicable eligibility criteria, including time requirements, are met and the resources are available. Resources received for which applicable eligibility criteria have not been met are reflected as deferred revenues in the accompanying financial statements.
3. Issuances of food stamps to recipients, all of which are electronic, are reflected as expenditures with corresponding federal revenue recognized at that time.

Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays exceeding \$5,000 that significantly extend the useful life of an asset are capitalized per Section 12-6-10 NMSA 1978. Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives in years:

Automobiles	4 to 10 years
Machinery and equipment	5 to 10 years
Data processing equipment	3 to 7 years
Furniture and fixtures	7 to 10 years

Supplies and Commodity Inventories

Supplies and commodity inventory is valued at an average unit cost which approximates the lower of cost or market method. Issuances of commodities to recipients are reflected as expenditures with corresponding federal revenue recognized at that time.

Other Liabilities

Other liabilities consist primarily of estimated program liabilities.

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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

Pensions

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

In January 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Compliant with the requirements of Government Accounting Standards Board Statement No.68 and No.71, the State of New Mexico has implemented the standards for the fiscal year ending June 30, 2015.

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, the 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 HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Due to State General Fund Investment Pool

The due to State General Fund Investment Pool represents primarily warrants issued and outstanding. This occurs as federal grant funds cannot be drawn down until after warrants have been issued.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of any related debt), restricted and unrestricted.

Net investment in capital assets – reflects 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.

Restricted – Restricted assets are liquid assets generated from revenues but not bond proceeds which have third-party (statutory, bond covenant or granting agency) limitations on their use. Of the reported restricted net position on the government-wide statement of net position, all is restricted by enabling legislation. Such restrictions are legally enforceable.

Unrestricted – Represents assets that do not have third-party limitations on their use.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Department's policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the Department's policy to spend committed resources first.

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Department did not have any items that qualified for reporting in this category as of June 30, 2015.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will be recognized as an inflow of resources (revenue) until that time. The Department did not have any items that qualified for reporting in this category as of June 30, 2015.

Other Revenues and Transfers

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

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

Budgets and Budgetary Accounting

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.

Appropriations are by the program code rather than the Fund level. As such, the Department has prepared budgetary schedules in the current year by program code.

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

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued)

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

The budgets for the governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that pursuant to Chapter 6, Article 10, Section 4(B) NMSA 1978, appropriations to the Department for Medicaid payments may be expended for Medicaid obligations for prior fiscal years.

Healthcare Services Payable

Healthcare expenditures are accrued in the period during which services are provided and are based, in part, on estimates of accrued services provided but not yet reported by the providers to the Department. Healthcare services payable in the accompanying financial statements are payments to be made to providers for reported claims and for estimated incurred claims not yet reported to the Department.

Management develops these estimates using actuarial methods based upon historical data for payment patterns, cost trends, utilization of healthcare services and other relevant factors. When estimates change, the Department records the adjustment in healthcare services expense in the period the change in estimate occurs. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts recorded. While the ultimate amount of claims and the related payments are dependent on future developments, the Department believes that the reserves for claims are adequate to cover such claims and expenditures.

Federal Grants Receivable

Federal grants receivable represent estimated receivables to be collected from the federal government based on allowable unreimbursed expenditures at fiscal year-end, and the amount of estimated health care services claims incurred but not yet reported to the Department that are expected to be reimbursed by the federal government once the claims are submitted to CMS for reimbursement.

NOTE 3 STATE GENERAL FUND INVESTMENT POOL

For cash management and investment purposes, funds of various state agencies, including the Department are deposited in the State General Fund Investment Pool (the Pool), which is managed by the Office of the New Mexico State Treasurer. Claims on the Pool are reported as assets by the various agencies investing in the Pool.

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 STATE GENERAL FUND INVESTMENT POOL (CONTINUED)

Compliant with statute 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.

Agency claims against the SGFIP and fiduciary resources held at STO to fulfill those claims were not reconciled from the inception of SHARE (the State's centralized accounting system), in July 2006, through January 2013, which caused uncertainty as to the validity of the claims and the ability of fiduciary resources to fulfill those claims. As a result of business process and systems configuration changes made during the Cash Management Remediation Project Phase I the Department of Finance and Administration's Financial Control division began reconciling transactional activity reported by the State's fiscal agent bank to the SHARE general ledger on a point- forward basis beginning February 1, 2013. In March 2015, the Financial Control Division implemented a reconciliation process that compares statewide agency claims against the resources held in the SGFIP at STO. This process is known as the claims to resources reconciliation. The claims to resources reconciliation process has been applied to fiscal year-end 2014 and the months from January 2015 through June 2015.

Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

NOTE 4 CASH AND INTEREST IN THE STATE GENERAL FUND INVESTMENT POOL

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

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 4 CASH AND INTEREST IN THE STATE GENERAL FUND INVESTMENT POOL
(CONTINUED)**

At June 30, 2015, the Department had the following invested in/due to the State General Fund Investment Pool:

	Fund	Department Balances
Due to State General Fund Investment Pool:		
Data Processing Appropriations	90100	\$ 1,028,497
Severance Tax Bond Proceeds	89200	266,127
Medical Assistance	97600	424
Income Support - N Warrants	97500	1,244,050
Total		\$ 2,539,098
Interest in the State General Fund Investment Pool:		
General Fund	05200	\$ 11,828,581
Traumatic Brain Injury	20520	704,955
Income support - L Warrants	97400	135,400
Medical Assistance	97600	23,653,749
Total Governmental Funds		36,322,685
Child Support Enforcement - K Warrants	97800	1,047,922
Total		\$ 37,370,607
Other Cash Balances:		
Petty Cash	05200	\$ 750
Wells Fargo Bank	97600	25,000
Total Other Cash Balances		\$ 25,750

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 a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk

The New Mexico State Treasurer pools are not rated. For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2015.

Custodial Credit Risk

The Department's cash balance of \$25,750 is fully insured by the Federal Deposit Insurance Corporation.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 5 CAPITAL ASSETS

Governmental Activities

The current year depreciation expense of \$6,668,305 was allocated entirely to the general government function in the government-wide statement of activities.

	June 30, 2014	Additions	Deletions	June 30, 2015
Capital Assets Not Being				
Depreciated - Software in Progress	\$ 105,058,853	\$ -	\$ (105,058,853)	\$ -
Capital Assets, Being Depreciated:				
Automobiles	\$ 941,075	\$ 198,590	\$ (81,523)	\$ 1,058,142
Equipment and Machinery	1,016,943	-	(9,850)	1,007,093
Data Processing Equipment	8,741,295	106,264,451	(404,209)	114,601,537
Furniture and Fixtures	229,993	-	(77,477)	152,516
Total Capital Assets	<u>115,988,159</u>	<u>106,463,041</u>	<u>(105,631,912)</u>	<u>116,819,288</u>
Accumulated Depreciation				
Automobiles	(678,058)	(39,129)	81,523	(635,664)
Equipment and Machinery	(859,471)	(16,260)	9,850	(865,881)
Data Processing Equipment	(8,697,375)	(6,612,916)	404,209	(14,906,082)
Furniture and Fixtures	(177,192)	-	77,477	(99,715)
Total Accumulated Depreciation	<u>(10,412,096)</u>	<u>(6,668,305)</u>	<u>573,059</u>	<u>(16,507,342)</u>
Total Capital Assets	<u>\$ 105,576,063</u>	<u>\$ 99,794,736</u>	<u>\$ (105,058,853)</u>	<u>\$ 100,311,946</u>

NOTE 6 ACCRUED COMPENSATED ABSENCES

Accrued compensated absences consist of the following:

	June 30, 2014	Additions	Deletions	June 30, 2015
Total Compensated Absences	<u>\$ 3,510,687</u>	<u>\$ 4,188,312</u>	<u>\$ (4,038,545)</u>	<u>\$ 3,660,454</u>

Resources of the Department's General Fund will be utilized to liquidate the compensated absences liability, which is expected to be liquidated in the coming year.

The Department has recorded all of the accrued compensated absences as a current liability on the statement of net position.

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 UNSETTLED PROVIDER COST REPORTS AND UNFILED CLAIMS

In-state institutional health care providers that provide services to the Department's Medicaid clients are required to submit cost reports to the state's audit agent on an annual basis. The reports provide support for the cost of client care for which the health care provider has been reimbursed. The Department has engaged a third-party audit agent to review these cost reports for the final settlement of claimed costs.

Cost reports with fiscal years ending between July 1, 2014 and June 30, 2015 were 15.32% complete by June 30, 2015. Cost reports filed after this date are pending review, approval of audit adjustments and final settlement. The Department estimated and recorded the amounts it expects to pay or receive upon final settlement of these cost reports.

NOTE 8 CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Department's various programs are subject to audit by applicable agencies of the U.S. Government. The Department is also subject to a variety of claims and lawsuits that arise from time to time. Results of such audits, claims, and lawsuits may or may not result in losses to the Department. In accordance with SFAS No. 5, *Accounting for Contingencies*, amounts are recorded as charges to expenditures when management, after taking into consideration the facts and circumstances of each matter, including any settlement offers, has determined that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

As of June 30, 2015, the Department was aware of three related federal audits issued by DHHS OIG covering personal care services (PCO) in which the likelihood of an unfavorable outcome is probable. As of November 30, 2015, any amount due and owing to the federal government related to two (2) of these audits is undetermined. In the third appeal, DHHS has disallowed federal financial participation totaling \$19,771,608. At the request of the Department, however, the DHHS Appeals Board agreed to hold the Department's appeal of that matter in abeyance pending the outcome of a similar appeal by the Georgia Department of Community Health in the Washington, DC District Court. In February of 2015, the United States District Court for the District of Columbia issued an order granting in part and denying in part a motion for summary judgment filed by the Georgia Department of Community Health. New Mexico has submitted an amicus brief and is awaiting the outcome of said appeal.

The Department at June 30, 2015 was also aware of a case involving reimbursements for pharmaceutical payments and the interpretation of a state statute that gives pharmacists a fixed fee for dispensing drugs under the Medicaid program. The New Mexico Court of Appeals both affirmed and reversed in part the district court's opinion. On August 25, 2014, the New Mexico Supreme Court dismissed all of the plaintiffs' claims against the Department and the defendant managed care organizations relating to Medicaid managed care. The case has been remanded to the district court on the remaining Medicaid fee-for-service claims. The potential exposure to the Department on the fee-for-service claims is as yet undetermined.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 9 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 <http://www.pera.state.nm.us>.

Funding Policy

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 years ended June 30, 2015, 2014 and 2013 were \$11,999,761, \$11,166,263 and \$9,824,254, respectively, equal to the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description

The Department contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment 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 health policies.

Eligible retirees are: 1) retirees who made contributions to the fund for at least five years prior to retirement and whose eligible employer made contributions during that period of time 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 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 post-employment healthcare plan. That report and further information can be obtained by writing the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy

The Retiree Health Care Act (Section 10-7c-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits.

Each participating retiree pays a monthly premium according to a service based on a 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 employer, employee, and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 10 POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

Funding Policy (Continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During fiscal year 2014, the statute required each participating employer to contribute 2.00% of each participating employee's annual salary; each participating employee was required to contribute 1.00% of their salary. In addition, pursuant to Section 10-7C-15(G)1978, at the first session of the Legislature following July 1, 2013, the Legislature shall review and adjust distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the Authority, in order to ensure the actuarial soundness of the benefits provided under the Retiree Healthcare Act.

The Department's contributions to the RHCA for the fiscal years ending June 30, 2015, 2014 and 2013 were \$1,471,785, \$1,354,669 and \$1,351,984, respectively, which equal the amount of required contributions for each fiscal year.

NOTE 11 LEASE COMMITMENTS

The Department has commitments greater than one year in duration for office space and equipment under operating lease agreements requiring minimum future lease payments as follows:

Years ending June 30:

Year Ending December 31,	Amount
2016	\$ 17,900,970
2017	17,822,487
2018	18,021,133
2019	9,460,066
2020	5,967,309
2021 - 2024	21,691,918
Total	\$ 90,863,883

Total rent expense for office space and equipment for the fiscal year ended June 30, 2015 was as follows:

Office Space	\$ 16,902,873
Equipment	998,097
Total	\$ 17,900,970

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 12 REVERSIONS TO STATE GENERAL FUND

Unexpended cash balances of the Department's governmental funds are subject to reversion to the State's General Fund unless they are multi-year appropriations or the appropriation periods are specifically extended by act of the Legislature. Funds held on behalf of others in the Department's Child Support Enforcement Fund are excluded from reversion because monies in the Fund do not belong to the Department or the State. During the fiscal year ending June 30, 2015, the Department reverted \$14,510,599 pertaining to fiscal year 2013 and \$63,936 for fiscal year 2012. The Department accrued a \$2,430,680 liability for reversions specifically related to fiscal year ending June 30, 2015. The reversion by fund, program and appropriation period were as follows:

Prior Fiscal Years			
Fund 976	General Fund	Fiscal Year 2013	\$ 14,510,599
Fund 901	General Fund	Fiscal Year 2012	63,936
Current Fiscal Year			
Fund 052	General Fund P524	Fiscal Year 2015	56,579
Fund 052	General Fund P525	Fiscal Year 2015	841,722
Fund 052	General Fund P767	Fiscal Year 2015	503,260
Fund 892	General Fund A111298	Fiscal Year 2015	8
Fund 901	General Fund P524	Fiscal Year 2015	58,847
Fund 975	Income Support P525	Fiscal Year 2015	956,714
Fund 976	Medical Assistance P525	Fiscal Year 2015	13,550
			<u>13,550</u>
			<u>\$ 17,005,215</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13 TRANSFERS IN AND TRANSFERS OUT

State Agency/Fund	Business Unit	SHARE Fund No.	Purpose	General Fund (05200)
TRANSFERS IN:				
Children Youth & Families Dept.	69000	06700	Capital Outlay	\$ 59,343
Department of Health	66500	06100	CCIC	-
Department of Health	66500	06100	Early Intervention	-
Department of Health	66500	06100	FQHCS	-
Department of Health	66500	06100	Compensation Package	860,800
Department of Health	66500	06100	DD Waiver	-
Department of Health	66500	06100	PHD - OTC	-
Department of Health	66500	06100	Amer Assoc on Intel & DD	-
Department of Health	66500	06100	SIM15	59,714
Dept. of Finance & Administration	34100	02100	County Supported Medicaid Fund (Admin)	759,900
Dept. of Finance & Administration	34100	62000	Tobacco Settlement	-
Dept. of Finance & Administration	34100	89000	Severance Tax Bond Proceeds	-
				<u>\$ 1,739,757</u>
State General Fund:				
Dept. of Finance & Administration	34100	62000	Regular Appropriation	\$ 108,563,700
Dept. of Finance & Administration	34100	62000	Special Appropriations	-
				<u>\$ 108,563,700</u>

Data Processing Appropriations (90100)	Income Support (97500)	Medical Assistance (97600)	Total
\$ -	\$ -	\$ -	\$ 59,343
-	-	99,032,475	99,032,475
-	-	7,011,243	7,011,243
-	-	480,300	480,300
-	-	-	860,800
-	-	2,204,748	2,204,748
-	-	70	70
-	-	(66,764)	(66,764)
-	-	-	59,714
-	-	26,353,053	27,112,953
-	-	9,219,700	9,219,700
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,234,825</u>	<u>\$ 145,974,582</u>
\$ - 200,000	\$ 12,028,800 -	\$ 891,294,600 2,500,000	\$ 1,011,887,100 2,700,000
<u>\$ 200,000</u>	<u>\$ 12,028,800</u>	<u>\$ 893,794,600</u>	<u>\$ 1,014,587,100</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13 TRANSFERS IN AND TRANSFERS OUT (CONTINUED)

State Agency/Fund	Business Unit	SHARE Fund No.	Purpose
TRANSFERS OUT:			
Children Youth & Families Dept.	69000	49100	TANF - Child Care & Training
Children Youth & Families Dept.	69000	06700	Protective Services/ Children Services
Children Youth & Families Dept.	69000		TANF - Pre-K Program
Children Youth & Families Dept.	69000		TANF - Home Visiting
Children Youth & Families Dept.	69000		TANF - Special Appropriation Tobacco Settlement
Children Youth & Families Dept.	69000		Children's Program
Department of Health	66500	06100	Medicaid - LTC
Department of Health	66500	06100	Medicaid - PASARR
Department of Health	66500	06100	Medicaid - DD Waiver
Department of Health	66500	06100	Medicaid
Department of Health	66500	06100	Medicaid - ICF for the MR and Long Term Care
Department of Health	66500	06104	Public Health Division
Department of Health	66500	06100	Medicaid - Admin Claiming
Department of Health	66500	06100	Medicaid - Families First
Department of Health	66500	06100	Medicaid - Maternal Child Health Initiative
Department of Health	66500	06104	Refugee CMA - Health Screening
Department of Health	66500	06100	Medicaid - EPSDT
Aging and Long-term Care Dept.	62400	04900	Medicaid - Administration
Developmental Disabilities Planning Council	64700	07900	Medicaid - Guardianship
Developmental Disabilities Planning Council	64700	07900	Medicaid - BabyNet
University of New Mexico	96900	3D041	Medicaid
University of New Mexico	96900		Medicaid
University of New Mexico	96900	330Q6	Medicaid - Envision NM

General Fund (05200)	Income Support (97500)	Medical Assistance (97600)	Total
\$ -	\$ 30,527,500	\$ -	\$ 30,527,500
1,538,434	-	-	1,538,434
-	6,100,000	-	6,100,000
-	2,000,000	-	2,000,000
-	174,384	-	174,384
420,313	-	-	420,313
3,433,283	-	-	3,433,283
485,000	-	-	485,000
8,040,727	-	-	8,040,727
69,478	-	-	69,478
447,780	-	-	447,780
-	-	-	-
1,115,674	-	-	1,115,674
286,245	-	-	286,245
200,000	-	-	200,000
166,488	-	84,000	250,488
465,805	-	-	465,805
600,000	-	-	600,000
550,000	-	-	550,000
80,401	-	-	80,401
250,921	-	-	250,921
1,806,322	-	-	1,806,322
603,000	-	-	603,000
<u>\$ 20,559,871</u>	<u>\$ 38,801,884</u>	<u>\$ 84,000</u>	<u>\$ 59,445,755</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 14 DUE TO/FROM OTHER STATE AGENCIES

<u>State Agency</u>	<u>Business Unit</u>	<u>Purpose</u>	<u>General Fund (05200)</u>
DUE TO OTHER STATE AGENCIES:			
Children, Youth and Families Department	69000	Medicaid and TANF Services	\$ (943,021)
DD Planning Council	64700	Determine Disability Eligibility	(193,161)
Department of Health	66500	Medicaid and TANF Services	(8,717,634)
Department of Information Technology	36100	Support Services	(816,426)
State Records Center & Archives	36900	Support Services	(1,315)
Department of Education	92400	TANF Services	(7,022)
Secretary of State	37000	Notary Public	(3)
			<u>\$ (10,678,582)</u>
DUE FROM OTHER STATE AGENCIES:			
Bernalillo County Metropolitan Court	24400	Traumatic Brain Injury Fund	\$ -
Motor Vehicle Division	33300	Reimbursement for shared facilities	3,692
Children, Youth and Families Department	69000	Reimbursement for shared facilities	1,577
Department of Corrections	77000	Reimbursement for shared facilities	17,097
Department of Finance & Administration	34100	County Supported Medicaid Funds	241,410
Department of Finance & Administration	34100	Severance tax bond proceeds	-
Department of Health	66500	SPMP	167,309
Department of Health	66500	DD Waiver Staff	-
Department of Health	66500	CCIC	-
NM Veterans' Commission	67000	Reimbursement for shared facilities	1,694
			<u>\$ 432,779</u>

Traumatic Brain Injury (20520)	Severance Tax Bond Proceeds (89200)	Income Support N Warrants (97500)	Medical Assistance (97600)	Total
\$ -	\$ -	\$ (3,364,689)	\$ -	\$ (4,307,710)
-	-	-	-	(193,161)
-	-	-	(41,390)	(8,759,024)
-	-	-	-	(816,426)
-	-	-	-	(1,315)
-	-	-	-	(7,022)
-	-	-	-	(3)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,364,689)</u>	<u>\$ (41,390)</u>	<u>\$ (14,084,661)</u>
\$ 84,900	\$ -	\$ -	\$ -	\$ 84,900
-	-	-	-	3,692
-	-	-	-	1,577
-	-	-	-	17,097
-	-	-	3,736,153	3,977,563
-	266,127	-	-	266,127
-	-	-	-	167,309
-	-	-	2,204,748	2,204,748
-	-	-	14,998,091	14,998,091
-	-	-	-	1,694
<u>\$ 84,900</u>	<u>\$ 266,127</u>	<u>\$ -</u>	<u>\$ 20,938,992</u>	<u>\$ 21,722,798</u>

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 15 RISK MANAGEMENT

The Department, as a state agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the State of New Mexico. The Department pays annual premiums to the Risk Management Division for coverage provided in the following areas:

1. Liability and civil rights protection for claims made by others against the State of New Mexico;
2. Coverage to protect the State of New Mexico's property and assets; and
3. Fringe benefit coverage for State of New Mexico employees.

During the 2015 fiscal year, the Department paid Risk Management \$1,857,469 in insurance premiums. The Department's loss exposure is limited to \$1,000 deductible. After consulting with legal counsel concerning pending litigation and claims, the Department believes that the outcome of pending litigation should not have a materially adverse effect on the financial position or operations of the Department. In addition, for the years ended June 30, 2015, 2014 and 2013, the Department had no claims for which the Risk Management Division has returned as "not covered" that would become the responsibility of the Department, with one exception. In a civil action brought pursuant to 42 CFR § 1983 titled Mend Inc. v. Retta Ward et al., No. CIV 13-0870/WJ/LAM, filed in the United States District Court, District of New Mexico on September 17, 2013, RMD covered the Department and the New Mexico Department of Health for alleged violations of a nursing facility's constitutional rights under the Fifth and Fourteenth Amendments. RMD did not cover either agency, however, for concurrent breach of contract claims. The matter was settled on or about September 18, 2014 for \$165,000, of which the Department paid \$15,000.

NOTE 16 FUND BALANCE

Governmental Accounting Standards Board (GASB) Statement No. 54 clarifies the existing governmental fund type definitions and provides clearer fund balance classifications are based primarily upon the extent to which a government is bound to follow constraints on resources in governmental funds and includes the terms: nonspendable, restricted, committed, assigned, and unassigned.

The agency'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 legislation of the Legislature; 3) Assigned Purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 16 FUND BALANCE (CONTINUED)

A summary of the nature and purpose of fund balance reserves by fund type at June 30, 2015 is as follows:

	Non- Spendable	Assigned Purposes	Restricted Purposes	Committed Purposes
General Fund:				
Inventory	\$ 58,234	\$ -	\$ -	\$ -
Child Support Incentives		8,178,157		
SNAP Bonus	-	887,626	-	-
DASIS Funding - Behavioral Health	-	-	386,516	-
	<u>\$ 58,234</u>	<u>\$ 9,065,783</u>	<u>\$ 386,516</u>	<u>\$ -</u>
Total				
	<u>\$ 58,234</u>	<u>\$ 9,065,783</u>	<u>\$ 386,516</u>	<u>\$ -</u>
Traumatic Brain Injury:				
Brain Injury Service Funds	\$ -	\$ -	\$ -	\$ 603,666
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,666</u>
Total				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,666</u>
Data Processing Appropriations:				
Child Support Enforcement Replacement System (Laws of 2014, Chapter 63, Section 7)	\$ -	\$ -	\$ -	\$ 210,661
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,661</u>
Total				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,661</u>
Income Support - N Warrants				
SSIR (Laws of 2011, Section 5, Chapter 179, Item 17)	\$ -	\$ -	\$ -	\$ 593,013
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593,013</u>
Total				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593,013</u>
Medical Assistance				
NHRI (Laws of 2015, Section 5, Chapter 101)	\$ -	\$ -	\$ -	\$ 500,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>
Total				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17 SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

GASB has issued the following statements, which are applicable in future years. At this time, management has not determined the impact, if any, on the Department.

Statement No. 72

Fair Value Measurement and Application

Effective Date: The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73

Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

Effective Date: The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17 SUBSEQUENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements 67 and 68 with regard to the following issues:

1. Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported
2. Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions
3. Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

Statement No. 74

Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

Effective Date: The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17 SUBSEQUENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.
- This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

Effective Date: The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged.

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
 BUDGETARY COMPARISON SCHEDULE – PROGRAM SUPPORT PROGRAM –
 P522 – GENERAL APPROPRIATIONS
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ 31,290,800	\$ 47,958,160	\$ 30,439,075	\$ (17,519,085)
Other	4,031,000	4,031,000	2,351,103	(1,679,897)
Total Revenues	<u>35,321,800</u>	<u>51,989,160</u>	<u>32,790,178</u>	<u>(19,198,982)</u>
EXPENDITURES				
Current:				
Personnel Services and Benefits	18,481,000	19,781,000	18,490,211	1,290,789
Contractual Services	15,814,700	32,282,060	16,738,710	15,543,350
Other Cost	17,117,100	16,017,100	13,528,470	2,488,630
Total Expenditures	<u>51,412,800</u>	<u>68,080,160</u>	<u>48,757,391</u>	<u>19,322,769</u>
OTHER FINANCING SOURCES				
Transfers in:				
General Funds	15,944,400	15,944,400	15,944,400	-
Compensation Package	146,600	146,600	146,600	-
Total Other Financing Sources	<u>16,091,000</u>	<u>16,091,000</u>	<u>16,091,000</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,787</u>	<u>\$ 123,787</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
 BUDGETARY COMPARISON SCHEDULE – CHILD SUPPORT PROGRAM –
 P523 – GENERAL APPROPRIATIONS
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ 20,063,600	\$ 20,063,600	\$ 20,141,227	\$ 77,627
Other	5,229,600	5,229,600	4,349,601	(879,999)
Total Revenues	<u>25,293,200</u>	<u>25,293,200</u>	<u>24,490,828</u>	<u>(802,372)</u>
EXPENDITURES				
Current:				
Personnel Services and Benefits	20,692,600	20,692,600	19,307,293	1,385,307
Contractual Services	7,329,300	7,329,300	6,731,531	597,769
Other Cost	5,217,900	5,217,900	4,765,324	452,576
Total Expenditures	<u>33,239,800</u>	<u>33,239,800</u>	<u>30,804,148</u>	<u>2,435,652</u>
OTHER FINANCING SOURCES				
Transfers in:				
General Funds	7,813,500	7,813,500	7,813,500	-
Compensation Package	133,100	133,100	133,100	-
Total Other Financing Sources	<u>7,946,600</u>	<u>7,946,600</u>	<u>7,946,600</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,633,280</u>	<u>\$ 1,633,280</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE – MEDICAL ASSISTANCE PROGRAM –
P524 – GENERAL APPROPRIATIONS
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ 3,294,472,700	\$ 3,769,398,430	\$ 3,747,303,854	\$ (22,094,576)
Other	84,174,700	108,322,700	78,140,991	(30,181,709)
Total Revenues	<u>3,378,647,400</u>	<u>3,877,721,130</u>	<u>3,825,444,845</u>	<u>(52,276,285)</u>
EXPENDITURES				
Current:				
Personnel Services and Benefits	13,123,500	13,123,500	12,436,122	687,378
Contractual Services	53,954,800	55,182,680	42,218,156	12,964,524
Healthcare Services	4,248,141,100	4,739,051,950	4,683,662,117	55,389,833
Total Expenditures	<u>4,315,219,400</u>	<u>4,807,358,130</u>	<u>4,738,316,395</u>	<u>69,041,735</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Funds	808,608,100	801,673,100	801,673,100	-
Transfers in from Other State Agencies	148,893,200	148,893,200	145,159,440	(3,733,760)
Transfers out:				
Transfers out to Other State Agencies	(20,929,300)	(20,929,300)	(19,973,070)	956,230
Reversion	-	-	(14,567,178)	(14,567,178)
Total Other Financing Sources (Uses)	<u>936,572,000</u>	<u>929,637,000</u>	<u>912,292,292</u>	<u>(17,344,708)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND AND OTHER FINANCING SOURCES (USES)				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (579,258)</u>	<u>\$ (579,258)</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE – INCOME SUPPORT PROGRAM –
P525 – GENERAL APPROPRIATIONS
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ 884,579,400	\$ 895,458,872	\$ 859,728,269	\$ (35,730,603)
Other	3,512,200	3,512,200	3,084,615	(427,585)
Total Revenues	<u>888,091,600</u>	<u>898,971,072</u>	<u>862,812,884</u>	<u>(36,158,188)</u>
EXPENDITURES				
Current:				
Personnel Services and Benefits	55,515,000	58,491,579	57,799,380	692,199
Contractual Services	28,380,270	29,487,931	27,109,094	2,378,837
Other Cost	810,985,630	817,655,347	782,279,830	35,375,517
Total Expenditures	<u>894,880,900</u>	<u>905,634,857</u>	<u>867,188,304</u>	<u>38,446,553</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Funds	45,771,600	45,331,900	45,331,900	-
Transfers in from Other				
State Agencies	-	439,700	499,043	59,343
Transfers out:				
Transfers out to Other				
State Agencies	(38,982,300)	(39,107,815)	(39,052,372)	55,443
Reversion	-	-	(1,811,986)	(1,811,986)
Total Other Financing Sources (Uses)	<u>6,789,300</u>	<u>6,663,785</u>	<u>4,966,585</u>	<u>(1,697,200)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,165</u>	<u>\$ 591,165</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
 BUDGETARY COMPARISON SCHEDULE – MEDICAID BEHAVIORAL HEALTH PROGRAM –
 P766 – GENERAL APPROPRIATIONS
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ 299,907,000	\$ 345,453,600	\$ 342,123,522	\$ (3,330,078)
Total Revenues	<u>299,907,000</u>	<u>345,453,600</u>	<u>342,123,522</u>	<u>(3,330,078)</u>
EXPENDITURES				
Current:				
Other Cost	393,837,000	448,118,600	444,788,522	3,330,078
Total Expenditures	<u>393,837,000</u>	<u>448,118,600</u>	<u>444,788,522</u>	<u>3,330,078</u>
OTHER FINANCING SOURCES				
Transfers in:				
General Funds	93,930,000	102,665,000	102,665,000	-
Total Other Financing Sources	<u>93,930,000</u>	<u>102,665,000</u>	<u>102,665,000</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
 BUDGETARY COMPARISON SCHEDULE – BEHAVIORAL HEALTH SERVICE PROGRAM –
 P767 – GENERAL APPROPRIATIONS
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ 22,360,000	\$ 27,564,131	\$ 23,805,446	\$ (3,758,685)
Other	21,000	21,000	21,000	-
Total Revenues	<u>22,381,000</u>	<u>27,585,131</u>	<u>23,826,446</u>	<u>(3,758,685)</u>
EXPENDITURES				
Current:				
Personnel Services and Benefits	3,120,400	3,015,400	2,538,742	476,658
Contractual Services	56,774,400	61,729,634	58,068,540	3,661,094
Other Cost	555,500	909,397	786,191	123,206
Total Expenditures	<u>60,450,300</u>	<u>65,654,431</u>	<u>61,393,473</u>	<u>4,260,958</u>
OTHER FINANCING SOURCES				
Transfers in:				
General Funds	38,459,200	38,459,200	38,459,200	-
Compensation Package	36,400	36,400	36,400	-
Transfers out:				
Transfers out to Other State Agencies	(426,300)	(426,300)	(420,313)	5,987
Reversion	-	-	(503,260)	(503,260)
Total Other Financing Sources (Uses)	<u>38,069,300</u>	<u>38,069,300</u>	<u>37,572,027</u>	<u>(497,273)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
 BUDGETARY COMPARISON SCHEDULE –
 SEVERANCE TAX BOND PROCEEDS
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Contractual Services	747,816	747,816	747,808	8
Total Expenditures	747,816	747,816	747,808	8
OTHER FINANCING SOURCES (USES)				
Transfers in:				
STB Proceeds	747,816	747,816	747,816	-
Transfers out:				
Reversion	-	-	(8)	(8)
Total Other Financing Sources (Uses)	747,816	747,816	747,808	(8)
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES				
	\$ -	\$ -	\$ -	\$ -

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
 BUDGETARY COMPARISON SCHEDULE – PROGRAM SUPPORT PROGRAM –
 P522 – SPECIAL APPROPRIATIONS
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Other Revenues	\$ 14,208,060	\$ 14,208,060	\$ 12,918,176	\$ (1,289,884)
Total Revenues	14,208,060	14,208,060	12,918,176	(1,289,884)
EXPENDITURES				
Current:				
Contractual Services	14,208,060	14,208,060	12,918,176	1,289,884
Total Expenditures	14,208,060	14,208,060	12,918,176	1,289,884
OTHER FINANCING SOURCES				
Transfers in:				
General Funds	-	-	-	-
Total Other Financing Sources	-	-	-	-
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES				
	\$ -	\$ -	\$ -	\$ -

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
 BUDGETARY COMPARISON SCHEDULE – MEDICAL ASSISTANCE PROGRAM –
 P524 – SPECIAL APPROPRIATIONS
 YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ -	\$ 1,800,000	\$ 1,270,376	\$ (529,624)
Total Revenues	-	1,800,000	1,270,376	(529,624)
EXPENDITURES				
Current:				
Contractual Services	-	2,000,000	1,411,529	588,471
Total Expenditures	-	2,000,000	1,411,529	588,471
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Funds	-	200,000	200,000	-
Reversion	-	-	(58,847)	(58,847)
Total Other Financing Sources (Uses)	-	200,000	141,153	(58,847)
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND AND OTHER FINANCING SOURCES (USES)				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE –INCOME SUPPORT Z-CODES
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal Grants	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
Other Cost	250,230	250,230	250,230	-
Total Expenditures	<u>250,230</u>	<u>250,230</u>	<u>250,230</u>	<u>-</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ (250,230)</u>	<u>\$ (250,230)</u>	<u>\$ (250,230)</u>	<u>\$ -</u>
PRIOR YEAR FUND BALANCE	<u>\$ 250,230</u>	<u>\$ 250,230</u>	<u>\$ 250,230</u>	<u>\$ -</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE – DATA PROCESSING Z CODES –
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ 17,158,336	\$ 13,532,730	\$ 7,835,447	\$ (5,697,283)
Total Revenues	17,158,336	13,532,730	7,835,447	(5,697,283)
EXPENDITURES				
Current:				
Personal Services	3,413,782	2,700,002	-	2,700,002
Contractual Services	14,331,074	13,679,088	9,079,073	4,600,015
Other Costs	2,299,516	39,676	-	39,676
Total Expenditures	20,044,372	16,418,766	9,079,073	7,339,693
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Funds	2,886,036	2,886,036	-	2,886,036
Reversions	-	-	(63,937)	(63,937)
Total Other Financing Sources (Uses)	2,886,036	2,886,036	(63,937)	2,822,099
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES				
	\$ -	\$ -	\$ (1,307,563)	\$ (1,307,563)
PRIOR YEAR FUND BALANCE	\$ -	\$ -	\$ 1,307,563	\$ 1,307,563

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE – MEDICAL ASSISTANCE Z CODES –
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal Grants	\$ 4,666,700	\$ 4,666,700	\$ 4,666,700	\$ -
Total Revenues	4,666,700	4,666,700	4,666,700	-
EXPENDITURES				
Current:				
Other Cost	6,666,700	6,666,700	6,666,700	-
Total Expenditures	6,666,700	6,666,700	6,666,700	-
OTHER FINANCING SOURCES				
Transfers in:				
General Fund	2,000,000	2,000,000	2,500,000	500,000
Total Other Financing Sources	2,000,000	2,000,000	2,500,000	500,000
DEFICIENCY OF REVENUES UNDER EXPENDITURES AND OTHER FINANCING SOURCES				
	\$ -	\$ -	\$ 500,000	\$ 500,000

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2015

The budget is adopted on a modified accrual basis of accounting (General Appropriations Act, Laws of 2006, Chapter 109, Section 3, Subsections O and N) except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) that must be paid out of the next year's budget. A reconciliation of budgetary basis to GAAP basis will be necessary if any accounts payable at the end of the fiscal year are not paid by the statutory deadline. The Department has not included such reconciliation for fiscal year 2015 as all payables were paid by the statutory deadline.

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

	<u>Revenue</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Net Change in Fund Balance</u>
Net Changes in Fund Balance per Statement of Revenues, Expenditures and Changes in Fund Balance:				
General Fund (052)	\$ 190,668,887	\$ (277,250,680)	\$ 88,342,025	\$ 1,760,232
Traumatic Brain Injury (20520)	928,716	(1,337,712)	-	(408,996)
Severance Tax Bond Proceeds (892)	-	(747,808)	747,808	-
Data Processing Appropriations (901)	22,023,997	(23,408,777)	77,217	(1,307,563)
Income Support L Warrants (974)	13,273,669	(13,273,669)	-	-
Income Support N Warrants (975)	797,300,769	(769,228,188)	(27,729,798)	342,783
Medicaid Assistance (976)	4,113,983,364	(5,137,074,915)	1,023,421,276	329,725
Total	<u>\$ 5,138,179,402</u>	<u>\$ (6,222,321,749)</u>	<u>\$ 1,084,858,528</u>	<u>\$ 716,181</u>
Net Changes in Fund Balance per Budget Schedules:				
General Appropriations:				
Program Support Program (P-522)	\$ 32,790,178	\$ (48,757,391)	\$ 16,091,000	\$ 123,787
Child Support Program (P-523)	24,490,828	(30,804,148)	7,946,600	1,633,280
Medical Assistance Program (P-524)	3,825,444,845	(4,738,316,395)	912,292,292	(579,258)
Income Support Program (P-525)	862,812,884	(867,188,304)	4,966,585	591,165
Medicaid Behavioral Health Program (P-766)	342,123,522	(444,788,522)	102,665,000	-
Behavioral Health Service (P-767)	23,826,446	(61,393,473)	37,572,027	5,000
Special and Other Appropriations:				
Severance Tax Bond Proceeds	-	(747,808)	747,808	-
Program Support Program (P-522)	12,918,176	(12,918,176)	-	-
Medical Assistance Program (P-524)	1,270,376	(1,411,529)	141,153	-
Income Support Z-Codes	-	(250,230)	-	(250,230)
Data Processing Z-Codes	7,835,447	(9,079,073)	(63,937)	(1,307,563)
Medical Assistance Z-Codes	4,666,700	(6,666,700)	2,500,000	500,000
	<u>\$ 5,138,179,402</u>	<u>\$ (6,222,321,749)</u>	<u>\$ 1,084,858,528</u>	<u>\$ 716,181</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF JOINT POWERS AND OTHER GOVERNMENT AGREEMENTS
SUPPLEMENTARY SCHEDULE 1
YEAR ENDED JUNE 30, 2015**

Name/ Responsible Party	Program Description	Contract #	Date of Agreement		Fiscal Agent/ Audit Responsibility	Contract Amount	FY15		Division
			Beginning	Ending			Contract Amount	Expended Amount	
CYFD (CMHS)	Behavioral Health Services for Children	GSA 14-630-7903-0010	07/01/13	06/30/16	HSD	\$ 1,278,819	\$ 426,273	\$ 426,273	BHSD
CYFD	Domestic Violence Services	GSA 14-630-7903-0006	07/01/13	06/30/16	HSD	\$ 238,290	\$ 79,430	\$ 79,430	BHSD
Department of Health	Behavioral Health Epidemiology	GSA 14-630-7904-0018	07/01/13	06/30/16	HSD	\$ 375,000	\$ 125,000	\$ 125,000	BHSD
Department of Health	SPE Grant - Epidemiology and Response Division (ERD)	GSA 14-630-7903-0007 A1	07/01/13	06/30/16	HSD	\$ 124,200	\$ 35,000	\$ 35,000	BHSD
Department of Health	Turquoise Lodge Detox Services	GSA 14-630-7903-0012	07/01/13	06/30/16	HSD	\$ 2,147,874	\$ 715,958	\$ 715,958	BHSD
Department of Health	Synar DB	GSA 14-630-7903-0011	07/01/13	06/30/16	HSD	\$ 42,000	\$ 14,000	\$ 14,000	BHSD
Department of Health	ERD - Youth Risk & Resiliency Survey	GSA 14-630-7903-0008 A1	07/01/13	06/30/16	HSD	\$ 144,000	\$ 30,000	\$ 30,000	BHSD
Department of Health	Refugee Health Screening	GSA 13-630-9000-0003 A2	07/01/14	06/30/15	HSD	\$ 280,315	\$ 280,315	\$ 280,315	BHSD
Department of Public Safety	FDA Contract	GSA 14-630-7903-0019 A2	07/01/13	09/30/16	HSD	\$ 226,000	\$ 75,000	\$ 75,000	BHSD
University of New Mexico	UNM/PASRR Services	GSA 14-630-7903-0009 A1	07/01/13	06/30/16	HSD	\$ 658,350	\$ 269,500	\$ 269,500	BHSD
University of New Mexico	Psychiatric Behavioral Health Services - Children, Adolescents	GSA 14-630-7903-0017	07/01/13	06/30/16	HSD	\$ 675,000	\$ 225,000	\$ 225,000	BHSD
University of New Mexico	CASAA Multimedia Educational Campaign	GSA 14-630-7903-0014	07/01/13	06/30/16	HSD	\$ 39,600	\$ 19,800	\$ 19,800	BHSD
University of New Mexico	CBHTR - Psychiatric	GSA 14-630-7903-0015 A1	07/01/13	06/30/16	HSD	\$ 1,726,916	\$ 790,377	\$ 790,377	BHSD
University of New Mexico	School Based Health Centers	GSA 14-630-7903-0016	07/01/13	06/30/16	HSD	\$ 779,451	\$ 64,954	\$ 64,954	BHSD
University of New Mexico	Health Sciences Center Financial Services	GSA 12-630-7903-0029 A1	08/01/14	07/31/18	HSD	\$ 526,328	\$ 257,951	\$ 257,951	BHSD
University of New Mexico	COSAP Alcohol Related Fatalities	GSA 14-630-7903-0013 A1	07/01/13	06/30/16	HSD	\$ 516,807	\$ 172,269	\$ 172,269	BHSD
1st Judicial District Court	CSED-Hearing Officer(s)	GSA-13-630-7101-0001 A2	07/01/12	06/30/15	HSD	\$ 988,083	\$ 335,883	\$ 335,883	CSED
2nd Judicial District Court	CSED-Hearing Officer(s)	GSA-13-630-7101-0002 A3	07/01/12	06/30/15	HSD	\$ 3,083,614	\$ 1,101,132	\$ 1,101,132	CSED
3rd Judicial District Court	CSED-Hearing Officer(s)	GSA-13-630-7101-0003 A2	07/01/12	06/30/15	HSD	\$ 1,298,300	\$ 462,900	\$ 462,900	CSED
7th Judicial District Court	CSED-Hearing Officer(s)	GSA-13-630-7101-0004 A2	07/01/12	06/30/15	HSD	\$ 903,655	\$ 307,183	\$ 307,183	CSED
9th Judicial District Court	CSED-Hearing Officer(s)	GSA-13-630-7101-0005 A1	07/01/12	06/30/15	HSD	\$ 1,620,003	\$ 565,851	\$ 565,851	CSED
11th Judicial District Court	CSED-Hearing Officer(s)	GSA-13-630-7101-0006 A2	07/01/12	06/30/15	HSD	\$ 661,000	\$ 340,415	\$ 340,415	CSED
13th Judicial District Court	CSED-Hearing Officer(s)	GSA-13-630-7101-0007 A1	07/01/12	06/30/15	HSD	\$ 921,120	\$ 313,120	\$ 313,120	CSED
Department of Health	Vital Records	GSA 14-630-7101-0001	07/01/13	06/30/15	HSD	\$ 70,000	\$ 70,000	\$ 70,000	CSED
The Navajo Nation	For NN CSED	GSA 14-630-7101-0002 A1	07/01/13	06/30/15	HSD	\$ 80,000	\$ 40,000	\$ 40,000	CSED
Navajo Nation	TANF	GSA 15-630-9000-0009	07/01/14	06/30/15	HSD	\$ 210,900	\$ 210,900	\$ 27,277,500	ISD
Kids Cook	SNAP-Ed	GSA 14-630-9000-0025 A5	09/26/11	09/30/15	HSD	\$ 1,234,430	\$ 443,472	\$ 443,472	ISD
Institute of American Indian Art	SNAP-Ed	GSA 14-630-9000-0012 A1	04/01/14	09/30/15	HSD	\$ 206,988	\$ 45,713	\$ 45,713	ISD
Las Cruces Public Schools	SNAP-Ed	GSA 12-630-9000-0026 A4	10/11/11	09/30/15	HSD	\$ 681,710	\$ 227,660	\$ 227,660	ISD
Lutheran Family Services Rocky Mountains	Refugee Social Services	GSA 13-630-9000-0025 A3	07/01/12	06/30/15	HSD	\$ 310,985	\$ 210,748	\$ 210,748	ISD
Lutheran Family Services Rocky Mountains	RSIP School Impact	GSA 13-630-9000-0035 A3	08/14/13	08/14/15	HSD	\$ 295,800	\$ 150,150	\$ 150,150	ISD
NM Mortgage Finance Authority - Homeless Shelter	Homeless Support Services	GSA 15-630-9000-0005	07/01/14	06/30/15	HSD	\$ 1,215,700	\$ 1,215,700	\$ 1,215,700	ISD
NM Mortgage Finance Authority - Weatherization	LIHEAP Weatherization Assistance	GSA 15-630-9000-0002 A1	07/01/14	06/30/15	HSD	\$ 2,287,000	\$ 2,287,000	\$ 2,287,000	ISD
NMSU - Regents	SNAP-Ed	GSA 12-630-9000-0027 A4	09/29/11	09/30/15	HSD	\$ 4,137,455	\$ 421,728	\$ 421,728	ISD
UNM - Prevention Research Center	SNAP-Ed	GSA 14-630-9000-0015 A5	09/29/11	09/30/15	HSD	\$ 1,391,914	\$ 596,378	\$ 596,378	ISD
Zuni Pueblo	TANF	GSA 15-630-9000-0011	07/01/14	06/30/15	HSD	\$ 31,000	\$ 31,000	\$ 31,000	ISD
Aging and Long Term Services Division	Title XIX	GSA-12-630-8000-0014 A2	07/01/11	06/30/16	HSD	\$ 3,049,205	\$ 600,000	\$ 600,000	MAD
CYFD	Case Management - Protective Services	JPA 95-17	06/18/94	UT	HSD	\$ 5,451,995	\$ 1,557,200	\$ 1,557,200	MAD
Department of Health	Admin Claiming	JPA 11-630-8000-0008	07/01/10	06/30/15	HSD	\$ 4,800,000	\$ 1,382,900	\$ 1,382,900	MAD
Department of Health	EPSDT	JPA 95 29	07/01/95	UT	HSD	\$ 475,000	\$ 475,000	\$ 475,000	MAD
Department of Health	Coordinate Services for non-Medicaid eligible families	JPA 96 32	07/01/94	UT	HSD	\$ 500,000	\$ 500,000	\$ 500,000	MAD
Department of Health	Nurse Aide Training	JPA 96 22	02/08/96	UT	HSD	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	MAD
Department of Health	Pre-Admission Screening and Annual Resident Review	GSA 11-630-8000-0013	07/01/10	UT	HSD	\$ 429,092	\$ 350,000	\$ 350,000	MAD
Department of Health	SBHC	GSA 12-630-8000-0007 A2	07/01/11	06/30/15	HSD	\$ 6,383,067	\$ 1,641,837	\$ 1,641,837	MAD

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF JOINT POWERS AND OTHER GOVERNMENT AGREEMENTS
SUPPLEMENTARY SCHEDULE 1 (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Name/ Responsible Party	Program Description	Contract #	Date of Agreement		Fiscal Agent/ Audit Responsibility	Contract Amount	FY15		Division
			Beginning	Ending			Contract Amount	Expended Amount	
University of New Mexico Continuing Education	Envision	GSA-14-630-8000-0008 A2	07/01/13	06/30/17	HSD	\$ 3,975,080	\$ 1,100,000	\$ 1,100,000	MAD
University of New Mexico	Envision CHIPRA Grant	GSA 11-630-8000-0007 A2	07/01/10	06/30/15	HSD	\$ 1,693,556	\$ 250,921	\$ 250,921	MAD
University of New Mexico / CDD Provider Training	Provider Trainings	GSA 12-630-8000-0006 A2	07/01/11	06/30/18	HSD	\$ 12,960,000	\$ 2,000,000	\$ 2,000,000	MAD
Alamogordo Public Schools	School Based Medicaid Services	GSA 13-630-8000-0100	07/01/12	06/30/16	HSD	\$ 663,457	\$ 200,000	\$ 200,000	MAD
Albuquerque Public Schools	School Based Medicaid Services	GSA 13-630-8000-0101	07/01/12	06/30/16	HSD	\$ 6,445,631	\$ 1,626,412	\$ 1,626,412	MAD
Artesia Public Schools	School Based Medicaid Services	GSA 13-630-8000-0102 A1	07/01/12	06/30/16	HSD	\$ 329,729	\$ 83,232	\$ 83,232	MAD
Aztec Municipal School	School Based Medicaid Services	GSA 13-630-8000-0103	07/01/12	06/30/16	HSD	\$ 370,945	\$ 104,000	\$ 104,000	MAD
Belen Consolidated	School Based Medicaid Services	GSA 13-630-8000-0104	07/01/12	06/30/16	HSD	\$ 520,593	\$ 210,619	\$ 210,619	MAD
Bernalillo Public Schools	School Based Medicaid Services	GSA 13-630-8000-0105 A1	07/01/12	06/30/16	HSD	\$ 1,620,217	\$ 225,000	\$ 225,000	MAD
Bloomfield Schools	School Based Medicaid Services	GSA 13-630-8000-0106 A4	07/01/12	06/30/16	HSD	\$ 354,394	\$ 170,000	\$ 170,000	MAD
Carlsbad Public Schools	School Based Medicaid Services	GSA 13-630-8000-0107	07/01/12	06/30/16	HSD	\$ 659,457	\$ 78,030	\$ 78,030	MAD
Central Consolidated School	School Based Medicaid Services	GSA 13-630-8000-0109	07/01/12	06/30/16	HSD	\$ 1,219,996	\$ 335,000	\$ 335,000	MAD
Central Region Educational Cooperative	School Based Medicaid Services	GSA 13-630-8000-0108 A4	07/01/12	06/30/16	HSD	\$ 590,517	\$ 230,000	\$ 230,000	MAD
Chama Valley Independent	School Based Medicaid Services	GSA 13-630-8000-0139 A1	07/01/12	06/30/16	HSD	\$ 120,000	\$ 30,000	\$ 30,000	MAD
Clovis Municipal Schools	School Based Medicaid Services	GSA 13-630-8000-0110 A4	07/01/12	06/30/16	HSD	\$ 233,324	\$ 150,000	\$ 150,000	MAD
Cobre Consolidated Schools	School Based Medicaid Services	GSA 13-630-8000-0111	07/01/12	06/30/16	HSD	\$ 420,404	\$ 106,121	\$ 106,121	MAD
Corrales International Schools	School Based Medicaid Services	GSA 15-630-8000-0100	07/01/12	06/30/16	HSD	\$ -	\$ -	\$ -	MAD
Cuba Independent Schools	School Based Medicaid Services	GSA 13-630-8000-0112	07/01/12	06/30/16	HSD	\$ 247,296	\$ 62,424	\$ 62,424	MAD
Dulce Independent Schools	School Based Medicaid Services	GSA 13-630-8000-0140	07/01/12	06/30/16	HSD	\$ 120,000	\$ 30,000	\$ 30,000	MAD
Espanola Municipal Schools	School Based Medicaid Services	GSA 13-630-8000-0113	07/01/12	06/30/16	HSD	\$ 618,241	\$ 212,000	\$ 212,000	MAD
Farmington Municipal Schools	School Based Medicaid Services	GSA 13-630-8000-0114 A1	07/01/12	06/30/16	HSD	\$ 824,322	\$ 208,080	\$ 208,080	MAD
Gadsden Independent Schools	School Based Medicaid Services	GSA 13-630-8000-0115	07/01/12	06/30/16	HSD	\$ 2,546,935	\$ 642,912	\$ 642,912	MAD
Gallup McKinley County Schools	School Based Medicaid Services	GSA 13-630-8000-0141 A3	07/01/12	06/30/16	HSD	\$ 120,000	\$ 210,000	\$ 210,000	MAD
Grants/Cibola County School	School Based Medicaid Services	GSA 13-630-8000-0116	07/01/12	06/30/16	HSD	\$ 668,457	\$ 175,000	\$ 175,000	MAD
High Plains REC #3	School Based Medicaid Services	GSA 13-630-8000-0117 A1	07/01/12	06/30/16	HSD	\$ 865,538	\$ 185,000	\$ 185,000	MAD
Laguna Schools	School Based Medicaid Services	GSA 13-630-8000-0142 A1	07/01/12	06/30/16	HSD	\$ 120,000	\$ 30,000	\$ 30,000	MAD
Las Cruces Public Schools	School Based Medicaid Services	GSA 13-630-8000-0118	07/01/12	06/30/16	HSD	\$ 2,472,965	\$ 624,240	\$ 624,240	MAD
Las Vegas City Public Schools	School Based Medicaid Services	GSA 13-630-8000-0119	07/01/12	06/30/16	HSD	\$ 453,377	\$ 114,444	\$ 114,444	MAD
Los Lunas Public Schools	School Based Medicaid Services	GSA 13-630-8000-0120 A2	07/01/12	06/30/16	HSD	\$ 1,442,563	\$ 449,140	\$ 449,140	MAD
Lovington Municipal Schools	School Based Medicaid Services	GSA 13-630-8000-0121 A1	07/01/12	06/30/16	HSD	\$ 432,769	\$ 124,242	\$ 124,242	MAD
McCurdy Charter School	School Based Medicaid Services	GSA 13-630-8000-0154	07/01/12	06/30/16	HSD	\$ 120,000	\$ 30,000	\$ 30,000	MAD
Media Arts Collaborative Charter School	School Based Medicaid Services	GSA 13-630-8000-0143	07/01/12	06/30/16	HSD	\$ 659,457	\$ -	\$ -	MAD
Mesa Vista Consolidated Schools	School Based Medicaid Services	GSA 13-630-8000-0144 A1	11/24/14	06/30/16	HSD	\$ 60,000	\$ 30,000	\$ 30,000	MAD
Mescalero Apache School	School Based Medicaid Services	GSA 13-630-8000-0144 A1	07/01/12	06/30/16	HSD	\$ 120,000	\$ -	\$ -	MAD
Mission Achievement and Success Charter School	School Based Medicaid Services	GSA 13-630-8000-0153	07/01/12	06/30/16	HSD	\$ 120,000	\$ 30,000	\$ 30,000	MAD
Mora Independent Schools	School Based Medicaid Services	GSA 13-630-8000-0145	07/01/12	06/30/16	HSD	\$ 659,457	\$ 30,000	\$ 30,000	MAD
Moriarty Edgewood Municipal Schools	School Based Medicaid Services	GSA 13-630-8000-0122 A1	07/01/12	06/30/16	HSD	\$ 453,377	\$ 114,444	\$ 114,444	MAD
NM School for the Visually Impaired	School Based Medicaid Services	GSA 13-630-8000-0146 A2	07/01/12	06/30/16	HSD	\$ 220,000	\$ 220,000	\$ 220,000	MAD
Northwest Regional Educational Cooperative #2	School Based Medicaid Services	GSA 13-630-8000-0152	07/01/12	06/30/16	HSD	\$ 675,000	\$ 30,000	\$ 30,000	MAD
Pecos Independent Schools	School Based Medicaid Services	GSA 13-630-8000-0147	07/01/12	06/30/16	HSD	\$ 120,000	\$ 30,000	\$ 30,000	MAD
Pecos Valley REC # 8	School Based Medicaid Services	GSA 13-630-8000-0123	07/01/12	06/30/16	HSD	\$ 535,809	\$ 135,252	\$ 135,252	MAD
Penasco Independent School	School Based Medicaid Services	GSA 13-630-8000-0148	07/01/12	06/30/16	HSD	\$ 120,000	\$ 30,000	\$ 30,000	MAD
Pojoaque Valley Schools	School Based Medicaid Services	GSA 13-630-8000-0149	07/01/12	06/30/16	HSD	\$ 120,000	\$ 70,000	\$ 70,000	MAD
Questa Independent Schools	School Based Medicaid Services	GSA 13-630-8000-0150	07/01/12	06/30/16	HSD	\$ 659,457	\$ 30,000	\$ 30,000	MAD
Regional Educ. # 6	School Based Medicaid Services	GSA 13-630-8000-0124 A4	07/01/12	06/30/16	HSD	\$ 322,121	\$ 315,000	\$ 315,000	MAD
Regional Educ. # 7	School Based Medicaid Services	GSA 13-630-8000-0125 A1	07/01/12	06/30/16	HSD	\$ 736,372	\$ 200,000	\$ 200,000	MAD

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF JOINT POWERS AND OTHER GOVERNMENT AGREEMENTS
SUPPLEMENTARY SCHEDULE 1 (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Name/ Responsible Party	Program Description	Contract #	Date of Agreement		Fiscal Agent/ Audit Responsibility	Contract Amount	FY15		Division
			Beginning	Ending			Contract Amount	Expended Amount	
Regional Educ. # 9	School Based Medicaid Services	GSA 13-630-8000-0126	07/01/12	06/30/16	HSD	\$ 556,417	\$ 175,000	\$ 175,000	MAD
Rio Gallinas School	School Based Medicaid Services	GSA 15-630-8000-0157	07/01/12	06/30/16	HSD	\$ 60,000	\$ -	\$ -	MAD
Rio Rancho Public Schools	School Based Medicaid Services	GSA 13-630-8000-0128 A1	07/01/12	06/30/16	HSD	\$ 1,103,767	\$ 325,000	\$ 325,000	MAD
Roswell Independent Schools	School Based Medicaid Services	GSA 13-630-8000-0129 A4	07/01/12	06/30/16	HSD	\$ 942,552	\$ 370,000	\$ 370,000	MAD
Santa Fe Public Schools	School Based Medicaid Services	GSA 13-630-8000-0130	07/01/12	06/30/16	HSD	\$ 453,377	\$ 400,000	\$ 400,000	MAD
Santa Rosa Consolidated	School Based Medicaid Services	GSA 13-630-8000-0151	07/01/12	06/30/16	HSD	\$ 120,000	\$ 30,000	\$ 30,000	MAD
Silver City Consolidated Schools	School Based Medicaid Services	GSA 13-630-8000-0131	07/01/12	06/30/16	HSD	\$ 453,377	\$ 135,000	\$ 135,000	MAD
Socorro Consolidated Schools	School Based Medicaid Services	GSA 13-630-8000-0132	07/01/12	06/30/16	HSD	\$ 267,905	\$ 80,000	\$ 80,000	MAD
Southwest Regional Educ. Center	School Based Medicaid Services	GSA 13-630-8000-0127	07/01/12	06/30/16	HSD	\$ 1,260,482	\$ 380,000	\$ 380,000	MAD
Taos Municipal Schools	School Based Medicaid Services	GSA 13-630-8000-0134	07/01/12	06/30/16	HSD	\$ 556,417	\$ 150,000	\$ 150,000	MAD
Tucumcari Public Schools	School Based Medicaid Services	GSA 13-630-8000-0135	07/01/12	06/30/16	HSD	\$ 309,121	\$ 78,030	\$ 78,030	MAD
Turquoise Trail Charter School	School Based Medicaid Services	GSA 13-630-8000-0136 A1	07/01/12	06/30/16	HSD	\$ 123,648	\$ 31,212	\$ 31,212	MAD
West Las Vegas Schools	School Based Medicaid Services	GSA 13-630-8000-0137 A1	07/01/12	06/30/16	HSD	\$ 494,593	\$ 70,000	\$ 70,000	MAD
Zuni Public School Dist.	School Based Medicaid Services	GSA 13-630-8000-0138	07/01/12	06/30/16	HSD	\$ 247,296	\$ 80,000	\$ 80,000	MAD

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND
FUND 978 – CHILD SUPPORT ENFORCEMENT
SUPPLEMENTARY SCHEDULE 2
YEAR ENDED JUNE 30, 2015**

	June 30, 2014	Additions	Deletions	June 30, 2015
ASSETS				
Interest in the State Treasurer				
General Fund Investment Pool	\$ 1,170,942	\$ 140,596,963	\$ (140,719,983)	\$ 1,047,922
Other Receivables, Net	603,622	297,598	(475,804)	425,416
Due from other Agencies	-	4,830	-	4,830
	<u>-</u>	<u>4,830</u>	<u>-</u>	<u>4,830</u>
Total Assets	<u>\$ 1,774,564</u>	<u>\$ 140,899,391</u>	<u>\$ (141,195,787)</u>	<u>\$ 1,478,168</u>
LIABILITIES				
Deposits Held in Trust for Others	\$ 1,170,942	\$ 140,620,858	\$ (140,739,048)	\$ 1,052,752
Other Liabilities	603,622	-	(178,206)	425,416
	<u>603,622</u>	<u>-</u>	<u>(178,206)</u>	<u>425,416</u>
Total Liabilities	<u>\$ 1,774,564</u>	<u>\$ 140,620,858</u>	<u>\$ (140,917,254)</u>	<u>\$ 1,478,168</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF SPECIAL APPROPRIATIONS
SUPPLEMENTARY SCHEDULE 3
YEAR ENDED JUNE 30, 2015**

Description	Authority	Appropriation Period	Original Appropriation	Prior Years' Expenditures (Unaudited)	Current Year Expenditures FY15	Amount to be Reverted	Unencumbered Appropriations
FUND 892 - SEVERANCE TAX							
BOND PROCEEDS							
ASPEN	Laws of 2011, Chapter 5, Section 11 To plan, design, purchase and install information technology, including related infrastructure		8,100,000	7,352,184	747,808	8	-
Fund 892 total			<u>\$ 8,100,000</u>	<u>\$ 7,352,184</u>	<u>\$ 747,808</u>	<u>\$ 8</u>	<u>\$ -</u>
FUND 901 - DATA PROCESSING							
APPROPRIATIONS							
CSED	To implement the child support enforcement replacement system	July 2013 to June 2016	\$ 527,300	\$ -	\$ 316,644	\$ -	\$ 210,656
ASPEN	Continued replacing of the income support division integrated services delivery system	July 2012 to June 2015	<u>6,392,000</u>	<u>5,401,080</u>	<u>926,984</u>	<u>63,936</u>	<u>-</u>
Fund 901 total			<u>\$ 6,919,300</u>	<u>\$ 5,401,080</u>	<u>\$ 1,243,628</u>	<u>\$ 63,936</u>	<u>\$ 210,656</u>
FUND 975 - INCOME SUPPORT							
N WARRANTS							
SSIAR	Social Security funding to support the General Assistance Program	July 2013 to June 2015	<u>\$ 451,710</u>	<u>\$ 201,480</u>	<u>\$ 250,230</u>	<u>\$ -</u>	<u>\$ -</u>
Fund 975 total			<u>\$ 451,710</u>	<u>\$ 201,480</u>	<u>\$ 250,230</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF VENDOR INFORMATION FOR
PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) – UNAUDITED
SUPPLEMENTARY SCHEDULE 4
YEAR ENDED JUNE 30, 2015**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address, Per the Procurement Documentation, of ALL Vendor(s) That Responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the Vendor In-State and Chose Veteran's Preference (Y or N) - For Federal Funds, Answer N/A</i>	<i>Brief Description of the Scope of Work</i>
RFP 14-630-6000-0001	CSED RFP	Change and Innovation Agency LLC	\$375,000	N/A	1) Center for the Support of Families, Inc. (CSF) 1107 Spring Street, Suite 2C Silver Spring, MD 20910 2) CSG Government Solutions 180 N. Stetson, Suite 3200 Chicago, IL 60601 3) Maximus Human Services, Inc. 1891 Metro Center Drive Reston, VA 20190	N/A	N/A	CSED Business Assessment Review
RFP 40-630-14-26160	ISD RFP	SL Start and Associates LLC - NM Works	\$ 4,286,398	N/A	1) Tawyna Rowland Lovelace Respiratory Research Institute 2425 Ridgecrest Drive SE Albuquerque, NM 87108-5127 2) Jill Freeman Rescare Inc. 615 Oxford Drive Tyler, TX 75703	N/A	N/A	NMWorks - includes some TANF + SNAP E & T & other
PA 10-000-00-0043F	Price Agreement	Cognosante LLC	\$ 116,751	N/A		N/A	N/A	ASPEN IV & V Services

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF VENDOR INFORMATION FOR
PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) – UNAUDITED
SUPPLEMENTARY SCHEDULE 4 (CONTINUED)
YEAR ENDED JUNE 30, 2015**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address, Per the Procurement Documentation, of ALL Vendor(s) That Responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the Vendor In-State and Chose Veteran's Preference (Y or N) - For Federal Funds, Answer N/A</i>	<i>Brief Description of the Scope of Work</i>
RFP 14-630-4000-0001	ITD RFP	First Data Government Solutions LP	\$22,315,269	N/A	<p>1) Davis Foster, Chief Growth Officer Cognosante, LLC 8200 Greensboro Drive, Suite 1200 McLean, VA 22102</p> <p>2) Tim Lenning, Executive Vice President CSG Government Solutions 180 North Stetson Avenue, Suite 3200 Chicago, IL 60601</p> <p>3) Michele Blanc, Chief Operating Officer Informatix Inc. 2485 Natomas Park Drive, Suite 430 Sacramento, CA 95833</p> <p>4) Mitch Dobbins, Chief Operating Officer Public Consulting Group Technology Consulting 2150 River Plaza Drive, Suite 380 Sacramento, CA 95833</p>	N/A	N/A	CSED/MMIS Replacement PMO
RFP 40-630-13-25260	MAD RFP	Fairbanks LLC	\$850,000	N/A	<p>1) Public Consulting Group, Inc. 194 State Street, 10th Floor Boston, MA 02109</p> <p>2) Sivic Solutions Group 118 Sylvan Way New Harford, NY 13413</p> <p>3) Univ. of MA Medical School 333 South Street Shrewsbury, MA 01545</p>	N/A	N/A	RMS & Processing for Admin. Claiming in Schools
RFP 14-630-8000-0005	MAD RFP	Mercer Health & Benefits LLC	\$7,000,000	\$3,500,000	Michelle Hoffner Bolton Health Actuarial Inc. 3773 Cherry Creek North Drive Denver, CO 80209	N/A	N/A	Actuarial and Consulting Services

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF VENDOR INFORMATION FOR
PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) – UNAUDITED
SUPPLEMENTARY SCHEDULE 4 (CONTINUED)
YEAR ENDED JUNE 30, 2015**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address, Per the Procurement Documentation, of <u>ALL</u> Vendor(s) That Responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds, Answer N/A</i>	<i>Brief Description of the Scope of Work</i>
RFP 14-630-8000-0003	MAD RFP	Qualis Health - TPA/UR	\$2,400,000	N/A	Molina Healthcare 8801 Horizon Blvd. NE, Suite 400 Albuquerque, NM 87113	N/A	N/A	Third Party Assessor/Utilization
	MAD RFP	NM Medical Review Assoc. HealthInsight	\$3,240,091	N/A		N/A	N/A	Provider Performance Review and Improvement
RFP 14-630-8000-0006	MAD RFP	Deloitte	\$208,880	N/A	Econometrica, Inc. 7475 Wisconsin Avenue, Suite 1000 Bethesda, MD 20814	N/A	N/A	Centennial Care 1115 Demonstration Waiver

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Grantor Pass-Through Grantor Number	Federal Participating Expenditures
Department of Agriculture (USDA) Direct Programs			
Commodities Assurance (SAE)	10.560	12-35-3501	\$ 494,102
Emergency Food Assistance Program (Food Commodities)	10.569	None	14,219,305
Emergency Food Assistance Program (Administrative Costs)	10.568	XNM810813	<u>535,703</u>
Subtotal Food and Nutrition Services			<u>15,249,110</u>
Supplemental Nutritional Assistance Program (SNAP):			
Administration and SAVE	10.561	12-35-3501	29,284,735
SNAP Employment/Training Grant	10.561	12-35-3501	846,272
SNAP State Exchange	10.561	12-35-3501	6,850
SNAP & EBT Distribution	10.551	58-3189-8-104	<u>674,964,892</u>
Subtotal SNAP			<u>705,102,749</u>
Total USDA			720,351,859
Department of Health and Human Services (DHHS)			
Administration for Children and Families Direct Programs:			
Administration of Child Support Enforcement Program	93.563	G-XX-04-NM-4004	27,661,221
Temporary Assistance for Needy Families (TANF)	93.558	G-XX-04-NM-TANF	106,036,225
Low Income Energy Assistance Program (Title XXVI)	93.568	G-XX-B1-NM-LIEA	<u>14,183,860</u>
Total Administration for Children and Families Direct Program			<u>147,881,306</u>
Family Support Administration Pass-Through Programs -			
Community Service Block Grant	93.569	01-XX-B1-NM-COSR	3,754,254
Administration for Children, Youth and Families Direct Programs:			
Direct Programs - Refugee Resettlement Program (CMA)	93.566	G-XX-04-NM-6100	767,164
Refugee Targeted Assistance	93.576	90RT0153/01	<u>179,606</u>
Total Administration for Children Youth and Families Direct Programs			<u>946,770</u>
Centers for Medicare & Medicaid Services:			
Medical Assistance Payments Title XIX	93.778	05-XX-05-NM-5028	3,926,183,480
Administration and Training Title XIX	93.778	05-XX-05-NM-5048	102,759,110
Health Information Technology Incentive Payments	93.778	05-1305NMINCT	8,029,439
Children's Health Insurance Program (CHIP)	93.767	05-XX-05-NM-5021	86,806,649
Children's Health Insurance Program Bonus	93.767	1Z0C30482/01	177,080
Adult Medicaid Quality	93.609	1F1CMS331121-01-00	<u>446,210</u>
Total Centers for Medicare & Medicaid Services			<u>4,124,401,968</u>
Office of Health Care Finance Administration			
Title XIX Certification	93.777	05-XX-055-NM-5001	1,558,864
Health Resources and Services Administration (HRSA)			
Traumatic Brain Injury (TBI)	93.234	H21MC26925	140,416
Substance Abuse and Mental Health Services Administration			
Center for Mental Health Services (CMHS):			
Community Mental Health Services Block Grant	93.958	2B09SM010037-11S4	5,844,247
Programs for Assistance in Transition from Homelessness	93.150	2X06SM060032-11	300,864
Veteran's First Jail Diversion Project	93.243	5H79SM059276-03	249,179
Mental Health Transformation Supportive Housing Program	93.243	5H79SM060122-04	372,386
NM Suicide Prevention	93.764	1H79SM06085-01	<u>337,910</u>
Subtotal Mental Health Services			<u>7,104,586</u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2015**

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Grantor Pass-Through Grantor Number	Federal Participating Expenditures
Center for Substance Abuse Treatment (CSAT)			
Substance Abuse Prevention and Treatment	93.959	2B08T1010037-11S2	\$ 12,391,509
Access to Recovery	93.275	1H79T1023130-02	587,119
Crossroads: Supporting Families	93.243	1H79TI023678-01	8,487
State Epidemiological Outcomes Workgroups (SEOWs)	93.243	1U79SP019429-01	702,445
Screening , Brief Intervention and Referral for Treatment	93.243	1U79TI025087-01	<u>2,823,468</u>
Subtotal Substance Abuse Treatment			<u>16,513,028</u>
Food & Drug Administration - Center for Tobacco Products	93.XXX	HHSF223201110167C	<u>136,215</u>
Total DHHS			4,302,437,407
National Institutes of Health (NIH)			
National Drug Institute on Drug Abuse (NIDA)			
Building System Capacity	93.279	1R34DA060651-01A1	<u>14,050</u>
Total Federal Assistance			<u><u>\$ 5,022,803,316</u></u>

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Statement of New Mexico Human Services Department and is presented on an accrual basis, including all non-cash federal assistance in the form of food commodities amount to \$14,219,305. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Not-for-Profit Organizations.

Subrecipients

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

Program/Subrecipient	Total Paid
Supplemental Nutritional Assistance Program (CFDA #10.561)	
New Mexico State University	\$ 879,067
SL Start and Associates, LLC	845,694
University of New Mexico	596,378
Cooking with Kids, Inc.	458,061
Kids Cook	443,472
Las Cruces Public Schools	227,659
Total Food Stamp Program	3,450,331
 The Emergency Food Assistance Program (CFDA #10.569)	
Roadrunner Food Bank	336,692
Food Depot	47,597
The Community Pantry	31,115
Economic Council Helping Others	29,418
Food Bank of Eastern New Mexico	15,178
Total Emergency Food Assistance Program	460,000
 Medicaid (CFDA #93.778)	
Aging And Long Term Services	600,000
Alamogordo Public Schools	159,783
Albuquerque Public Schools	1,563,370
Artesia Public Schools	50,413
Aztec Municipal Schools District #2	95,047
Belen Consolidated Schools	138,250
Bernalillo Public Schools	150,035
Bloomfield Schools	127,456
Carlsbad Municipal Schools	132,357
Central Consolidated Schools #22	184,119
Central Region Educational Cooperative	169,313
Chama Valley Independent	4,339
Clovis Municipal Schools	200,897
Cobre Consolidated Schools	75,589
Cuba Independent Schools	38,020
Children Youth & Families	1,001,008

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Program/Subrecipient	Total Paid
Medicaid (CFDA #93.778) (continued)	
Department Of Health	\$ 8,406,963
Dulce Independent Schools #21	12,764
Espanola Public School District #55	205,863
Farmington Municipal Schools	137,426
Gadsden Independent School District	373,979
Gallup Mckinley County School	238,724
Grants/Cibola County School	133,763
High Plains Regional Education	135,636
Horizons Of New Mexico	11,744
Las Cruces School District #2	723,972
Las Vegas City Schools	54,965
Los Lunas Schools	362,146
Lovington Municipal Schools	102,377
Mission Achievement & Success Charter Sc	3,157
Mora Independent Schools	1,979
Moriarty Municipal Schools	69,319
Nm Schl For The Blind &Visually Impaired	185,124
Pecos Independent Schools	13,343
Pecos Valley Regional Edu Ctr8	77,864
Pojoaque Valley Schools	48,555
Pueblo Of Laguna Department Of Education	700
Questa Independent Schools	4,160
Region Ix Education Coop	113,615
Regional Education Center #6	196,891
Regional Educational Center #7	146,430
Rio Rancho Public Schools	290,260
Roswell Independent School District	300,324
Santa Fe Public Schools	298,385
Silver City Consolidated Schools	115,259
Socorro Consolidated Schools	73,206
Southwest Regional Education Cooperative	295,164
Taos Municipal Schools	118,609
Tucumcari Public Schools	37,630
Turquoise Trail Charter School	17,600
The University Of New Mexico	4,399,514
West Las Vegas School District	50,032
Zuni Public School Dist	59,117
Total Medicaid	22,506,555
Title XIX Certification (CFDA #93.778)	
Department of Health	677,648
TANF (CFDA #93.558)	
Children, Youth & Families Department	35,408,542
SLStart and Associates	12,872,324
Total TANF	48,280,866

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Program/Subrecipient	Total Paid
Refugee Resettlement Program SS (CFDA #93.566)	
Lutheran Family Services Rocky Mountains	\$ 181,292
Refugee School Impact (CFDA #93.576)	
Lutheran Family Services Rocky Mountains	150,150
Refugee Targeted Assistance (CFDA #93.576)	
Lutheran Family Services Rocky Mountains	29,456
Community Services Block Grant (CFDA #93.569)	
Community Action Agency of Southern NM	631,871
Eastern Plains CAA	191,793
Economic Council Helping Others	245,049
HELP-New Mexico , Inc.	1,630,798
Midwest NM Cap	423,148
Southeast NM Comm Action Agency	466,988
Total Community Services Block Grant	3,589,647
Low-Income Home Energy Assistance (CFDA #93.568)	
NM Mortgage Finance Authority	
Total Low-Income Home Energy Assistance	2,287,000
Community Mental Health Services Block Grant (CFDA #93.958)	
United Behavioral Health	3,258,617
Children, Youth & Families Department	305,905
Life Link	374,322
Total Community Mental Health Services Block Grant	3,938,844
Programs for Assistance in Transition from Homelessness (CFDA #93.150)	
Albuquerque HealthCare for the Homeless	64,390
La Frontera New Mexico, Inc.	32,170
Life Link	62,055
St. Martin's Center	138,456
Total Programs for Assistance in Transition from Homelessness	297,071
Substance Abuse Prevention and Treatment (CFDA #93.959)	
Department of Health	916,209
United Behavioral Health	10,508,173
University of New Mexico	207,558
Bernalillo County	102,999
Life Link	35,834
Total Substance Abuse Prevention and Treatment	11,770,773
Total	\$ 97,619,633

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015**

Reconciliation of Federal Awards

Reconciliation of Federal Awards

Federal Grant Revenue, per Statement of Revenues, Expenditures, and Changes in Fund Balance:	\$ 5,037,313,915
Recovery of Federal Accounts Receivable Previously Written Off	<u>(14,510,599)</u>
Schedule of Expenditures of Federal Awards	<u><u>\$ 5,022,803,316</u></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**

Mr. Brent Earnest, Cabinet Secretary
State of New Mexico Human Services Department and
Mr. Timothy Keller
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the State of New Mexico Human Services Department (the Department) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and the Department's Fiduciary Fund and combining and individual funds and related budgetary comparisons of the Department presented as supplementary information, and have issued our report thereon dated November 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2014-002 and 2014-008, that we consider to be significant deficiencies.

Mr. Brent Earnest, Cabinet Secretary
State of New Mexico Human Services Department and
Mr. Timothy Keller
New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 30, 2015

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

Mr. Brent Earnest, Cabinet Secretary
State of New Mexico Human Services Department and
Mr. Timothy Keller
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited New Mexico Human Services Department (the Department) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Department's major federal programs for the year ended June 30, 2015. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Department's compliance.

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Mr. Brent Earnest, Cabinet Secretary
State of New Mexico Human Services Department and
Mr. Timothy Keller
New Mexico State Auditor

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003 and 2015-004. 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003, and 2015-004, that we consider to be significant deficiencies.

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

Mr. Brent Earnest, Cabinet Secretary
State of New Mexico Human Services Department and
Mr. Timothy Keller
New Mexico State Auditor

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 30, 2015

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

Any audit findings, disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

CFDA

Number(s)	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families Cluster (TANF)
93.777/93.778	Medical Assistance Payments, Administration, Training, Outreach and Enrollment, Program Bonus and Title XIX Certification
10.551/10.561	Supplemental Nutrition Assistance Program Cluster
93.959	Substance Abuse Treatment and Rehabilitation
93.767	Children’s Health Insurance Program
93.563	Child Support Enforcement

Dollar threshold used to distinguish between type A and type B programs \$15,068,410

Auditee qualified as low-risk auditee? yes no

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2014-002 Project-Level Reconciliations for Accounts Receivable (Significant Deficiency)

Condition: During test work over federal accounts receivable, we discovered that receipts applied to certain balances were not being reconciled to the projects in a timely manner. This resulted in collections on accounts receivable, at the project level, appearing to be greater than the project-level accounts receivable balance at June 30, 2015. However, at the fund level receipts applied to receivable balances did not exceed the recorded balances at June 30, 2015.

- *Management's Progress: Management has made significant progress from the prior year's audit finding, and took steps in the year ended June 30, 2015 to reconcile accounts receivable balances, by project, at the end of the year. The current year's finding has been modified to focus on the reconciliation process on the cash receipts subsequent to year end.*

Criteria: Each grant award is set for a specific time and for a specific dollar amount. In order to reduce the likelihood that receipts are applied to the wrong projects, the Department should be able to identify discrepancies in a timely manner.

Cause: The Department has not implemented a procedure through which collections on accounts receivable subsequent to the balance sheet date are reconciled at the project level in a timely manner.

Effect: Without timely reconciliation of the federal accounts receivable balances, including reconciliations of cash received subsequent to the balance sheet date, it is possible that project-level accounts receivable balances can be misstated.

Recommendation: We recommend that the Department perform the necessary reconciliation procedures to properly classify cash receipts to the appropriate projects, subsequent to the balance sheet date.

Management's Response: Management agrees, however it not feasible to have the accounts receivable balances reconciled prior to the audit adjustments posted in SHARE. In August and September, trial balances are being prepared for the prior year and audit adjustments affecting expenditures are final the first week of October. Therefore, the staff must manually add in audit adjustments from trial balance spreadsheets to expenditures posted in SHARE to determine the amount to draw and the accounting string to post the draw. The credit balances found in the accounts receivable are reflective of changes in expenditure audit adjustments for indirect costs affecting multiple grants. The corrective action plan is twofold: 1) Management will work jointly with program staff and the bureaus within Administrative Services Division to identify expenditure re-class journal entries prior to the close of the state fiscal year to ensure transactions posted in SHARE are accurate. 2) Management will ensure timely reconciliation of accounts receivable balances with the monthly audit schedules for the October 2015 accounting period including correcting journal entries that will post in November 2015 in SHARE. The ASD Deputy Director will ensure this issue is resolved by the close of the November 2015 accounting period.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

2014-008 Interagency Transactions (Significant Deficiency)

Condition: During the audit, it was identified that the Department is not recording interagency transactions in a consistent manner with other state agencies. As a result of these inconsistencies, an audit entry was required the amount of \$1,086,596 to increase the amounts due to other agencies.

- *Management's Progress: It has been determined that the recommendation from the prior year's audit has not been implemented for the year ended June 30, 2015.*

Criteria: MAPs FIN 3.1 establishes policies and procedures for state agencies to follow to ensure accurate recording and reporting of interagency transactions.

Cause: Management oversight, lack of timely communication among state agencies to ensure interagency transactions are being recorded consistently amongst each other and in accordance with generally accepted accounting principles.

Effect: Misstatement to the financial statement and inconsistencies when preparing the State's financial statements occur when agencies do not work together to verify interagency balances.

Auditor's Recommendation: We recommend management continue to be proactive in working with other state agencies with which the Department transacts, to ensure timely and accurate reporting of these transactions. Furthermore, the Department should communicate with the Statewide Financial Reporting and Accounting Bureau regarding any interagency transactions in which the Department is unable to resolve with the agency itself or guidance is needed regarding the appropriate recognition of the transactions.

Management's Response: Management agrees. The Department will work with other agencies to ensure timely and accurate reporting of interagency transactions during 2016. The Department will also communicate with DFA's Statewide Financial Reporting and Accounting Bureau to resolve discrepancies with other agencies in these types of transactions. The Deputy ASD Directors at the Department will oversee this process, and it is anticipated that a resolution can be achieved by the close of the June 2016 accounting period.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2015-001 (Original Finding 2014-006) Non-cooperation with Child Support Enforcement Division (Significant Deficiency and Instance of Non-Compliance)

Federal Program: Temporary Assistance for Needy Families (TANF), 93.558

Federal Agency: Department of Health and Human Services

Applicable Compliance Requirement: Special Tests and Provisions

Questioned Costs: \$3,298

Condition: Out of the 40 individuals tested for compliance with the Child Support Enforcement Division's sanction requirements, 14 did not have the appropriate level of sanctions applied to their benefits, resulting in \$3,298 of known questioned costs.

- *Management's Progress:* In response to the prior year's finding, management implemented certain processes to address this deficiency, however it has been determined that additional ASPEN eligibility system fixes are necessary in order to reduce the risk of noncompliance.

Criteria: Per the OMB A-133 compliance supplement for this program, if state agencies determine that an individual is not cooperating with the State in regards to child support orders, that individual must receive progressive levels of sanctions, up to and including refusal of benefits.

Cause: It was determined that during fiscal years 2014 and 2015, there was an error in the interface between the newly-implemented eligibility system and the Child Support Enforcement system.

Effect: The Department was unable to properly apply the sanctions, resulting in known amounts of questioned costs of \$3,298.

Recommendation: We recommend that the Department perform a comprehensive review of the potentially affected individuals, and sanction future benefits if applicable. The Department should consider a complimentary control process, such as a monthly reconciliation between systems, that could identify these types of issues more timely.

Management's Response: ISD resolved the audit finding 2014-006 with CRs ASPEN00084099, ASPEN00084364, and ASPEN00084664 in September 2014. The current findings are similar but a separate issue and Income Support Division has submitted a request for a system change to correct the issue. The ISD Deputy Directors expect this issue to be resolved by June 30, 2016.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

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

Finding 2015-002 Household Size and Eligibility (Significant Deficiency and Instance of Non-Compliance)

Federal Program: Temporary Assistance for Needy Families (TANF), 93.558

Federal Agency: Department of Health and Human Services

Applicable Compliance Requirement: Eligibility

Questioned Costs: \$686

Condition: Out of the 40 individuals and households tested for eligibility, one household, consisting of ten individuals, was found to have received nine monthly payments of \$14 more than what is allowable. After consideration of the other similar-sized (more than nine) households, it was determined that \$560 in inappropriate payments were made to households outside of the one sampled.

Criteria: Per the OMB A-133 compliance supplement for this program, if state agencies determine that an individual is not cooperating with the State in regards to child support orders, that individual must receive progressive levels of sanctions, up to and including termination of benefits.

Cause: It was determined that the cause of this issue is related to how the system treats household sizes greater than nine. For each household member after the ninth member, the eligibility system is adding \$14 to the household benefits inappropriately. The Department's monitoring controls over eligibility failed to prevent or detect these errors.

Effect: Certain households received benefits in excess of what is allowable by law, totaling \$686. The flaw in the eligibility system creates a condition in which it is likely that households consisting of more than nine individuals will receive more than that to which they are entitled.

Recommendation: We recommend that the Department employees assigned to monitor eligibility compliance incorporate a consideration of household size in relation to benefits into their review procedures. On a system level, we recommend that changes be made in order to prevent such errors going forward.

Management's Response: ISD has requested system changes be made to ensure proper benefits are issued to households greater than nine. Cherwell number 121956 (CQ id ASPEN00105155). Once the data fix is in place, case reviews will be conducted to reconcile the errors in benefits and take the appropriate action to make the corrections as required. The ISD Deputy Directors expect this issue to be resolved by June 30, 2016.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

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

Finding 2015-003 Processes and Controls Over Eligibility (Significant Deficiency and Instance of Non-Compliance)

Federal Program: Temporary Assistance for Needy Families (TANF), 93.558

Federal Agency: Department of Health and Human Services

Applicable Compliance Requirement: Eligibility

Questioned Costs: None

Condition: Out of 40 individuals and households tested for eligibility, in three instances there was no evidence in the ASPEN eligibility system that the required government database scans were taking place through either initial intake or recertification procedures.

Criteria: Per the eligibility requirements of the OMB A-133 compliance supplement specific to this program, there are a number of criteria that must be met in order for a family to receive TANF assistance. The ASPEN system was implemented in order to address these complex requirements, and Department reviews and performance of certain checks on applicants' or participants' information is critical to maintaining the integrity of the process. These reviews and scans are documented in the ASPEN system as they occur, either through case notes or through SQL histories.

Cause: The Department employees assigned to perform intake or recertification reviews either did not perform the required monitoring procedures, or failed to document in the case files the outcomes of such reviews

Effect: For these three individuals, the required government database checks were not documented, and therefore their eligibility is questionable.

Recommendation: We recommend that the Department continue its efforts to train employees assigned to perform intake and recertification procedures on the required documentation procedures necessary to achieve compliance with eligibility requirements, both upon intake and at recertification.

Management's Response: ISD issued amended General Information Memorandum 14-40 to Department employees on May 26, 2015 regarding mandatory documentation for each action taken at applicant or participant contact. The importance of proper documentation is stressed at trainings and employee meetings. Monitoring of this requirement is conducted during various management evaluations reviews and offices are required to initiate corrective action based on the recommendations of the review. A follow up review is also conducted to ensure the corrective action measures are still in place. The ISD Deputy Directors expect this issue to be resolved by June 30, 2016.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

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

Finding 2015-004 Processes and Controls Over Eligibility (Significant Deficiency and Instance of Non-Compliance)

Federal Program: Medicaid Cluster, 93.777/93.778

Federal Agency: Department of Health and Human Services

Applicable Compliance Requirement: Eligibility

Questioned Costs: None

Condition: Out of 40 individuals and households tested for eligibility, in seven instances there was no evidence in the ASPEN eligibility system that the required government database scans were taking place through either initial intake or recertification procedures.

Criteria: Per the eligibility requirements of the OMB A-133 compliance supplement specific to this program, there are a number of criteria that must be met in order for a family to receive Medicaid benefits. The ASPEN system was implemented in order to address these complex requirements, and Department reviews and performance of certain checks on applicants' or participants' information is critical to maintaining the integrity of the process. These reviews and scans are documented in the ASPEN system as they occur, either through case notes or through SQL histories.

Cause: The Department employees assigned to perform intake or recertification reviews either did not perform the required monitoring procedures, or failed to document in the case files the outcomes of such reviews, in at least these seven instances.

Effect: For these seven individuals, the required government database checks were not documented, and therefore their eligibility is questionable.

Recommendation: We recommend that the Department continue its efforts to train employees assigned to perform intake and recertification procedures on the required documentation procedures necessary to achieve compliance with eligibility requirements, both upon intake and at recertification.

Management's Response: ISD issued amended General Information Memorandum 14-40 to Department employees on May 26, 2015 regarding mandatory documentation for each action taken at applicant or participant contact. The importance of proper documentation is stressed at trainings and employee meetings. Monitoring of this requirement is conducted during various management evaluations reviews and offices are required to initiate corrective action based on the recommendations of the review. A follow up review is also conducted to ensure the corrective action measures are still in place. The ISD Deputy Directors expect this issue to be resolved by June 30, 2016.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2012-002 Accounts Receivable Reconciliation (Significant Deficiency) – Resolved

During test work over accounts receivable, it was discovered that a third party receivable with a balance of \$23,451,345 recorded on the Department's general ledger, SHARE, had not been reconciled to the underlying reports. The aging report from OMNICAID, the Medical Management Information System, a subsidiary system, did not agree to SHARE. The Department had compensated for this discrepancy by recording an allowance for doubtful accounts in the amount of \$21,458,583.

Finding 2014-002 Project-Level Reconciliations for Accounts Receivable (Significant Deficiency) – Repeated and Modified

During test work over accounts receivable, we noted that within grants of award, certain project codes utilized by the Department are carrying negative balances. However, when included with other project codes in the same grant or program, the net effect is that the program accounts receivable are carrying debit balances, which are natural balances.

Finding 2014-008 Interagency Transactions (Significant Deficiency)- Repeated and Modified

During the audit, it was identified that the Department is not recording interagency transactions in a consistent manner with other state agencies. As a result of these inconsistencies, a reclassifying entry was required in the amount of \$739,050.

Section III – Federal Award Findings and Questioned Costs

Finding 2014-005 Subaward (FFATA) Reporting Noncompliance (Significant Deficiency) – Resolved

Federal Program: State Planning and Establishment, 93.525

The Department did not report its subaward to the FSRS website, as required by the Federal Funding Accountability and Transparency Act (FFATA).

Finding 2014-006 (2015-001) Non-cooperation with Child Support Enforcement Division (Significant Deficiency and Instance of Non-Compliance) – Repeated and Modified

Federal Program: Temporary Assistance for Needy Families (TANF), 93.558

Out of the 40 individuals tested for compliance with the Child Support Enforcement Division's sanction requirements, 13 did not have the appropriate level of sanctions applied to their benefits, resulting in \$3,062 of known questioned costs.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015**

**Finding 2014-007 Independent Peer Reviews for Substance Abuse Treatment Facilities
(Significant Deficiency and Instance of Non-Compliance) - Resolved**

Federal Program: Substance Abuse Treatment and Rehabilitation, 93.959

The Department is not ensuring that independent peer reviews are being performed on treatment services funded through this program.

SECTION IV. OTHER FINDINGS

Finding 2013-010 Noncompliance with Contractual Requirements for Reimbursements to Behavioral Health Providers (Other Matter) - Resolved

During testwork over invoices approved relating to reimbursement-based professional services contracts, we noted that certain costs were approved by the Department but included inappropriate costs that violated the PSC contracts.

Finding 2014-004 Noncompliance with Notification Requirements for Disposals of Capital Assets (Compliance and Other Matters) - Resolved

During June of 2014, the Department disposed of a certain capital asset prior to submitting the required notification to the Office of the State Auditor of New Mexico.

Finding 2014-009 Over-Expenditures of Program Budget (Other Matters) - Resolved

For the Department's Medicaid Behavioral Health Program P766, actual expenditures exceeded budget by \$2,938,097.

**STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2015**

An exit conference was held with the Department on November 19, 2015. 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:

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT

Brent Earnest, Secretary
Sean Pearson, Deputy Secretary
Mike Nelson, Deputy Secretary
Danny Sandoval, ASD Director, Administrative Services
Donna Sandoval, ASD Deputy Director, Administrative Services
Carolee Graham, ASD Deputy Director, Administrative Services
Marilyn Martinez, Director, ISD
Betina McCracken, Deputy Director, CSED
Jeanette Lujan, ASD Accounting Bureau Chief
Lucinda Sydow, MAD/Budget, Planning, and Reporting Bureau Chief
Martin Ortega, ASD/CFSB Bureau Chief
Laura Galindo, HSD/ISD Deputy Director of Field Operations
Leon Lopez, Deputy Director BHSD
Shilo Stewart, Deputy CIO
Adrian Gallegos, Inspector General

CLIFTONLARSONALLEN LLP

Georgie Ortiz, CPA, CGFM, Managing Principal
Ryan Jones, CPA, Engagement Director
Andres Gamez, CPA, Senior Associate

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report. Management reviewed and approved the financial statements.