

STATE OF NEW MEXICO
Developmental Disabilities Planning Council
Financial Statements and Schedules
With Independent Auditor's Report Thereon
For the Fiscal Year Ended June 30, 2011

Joseph M. Salazar CPA
P.O. Box 1744
Espanola, New Mexico 87532

**State of New Mexico
Developmental Disabilities Planning Council**

Table of Contents

June 30, 2011

Introductory Section		<u>Page</u>
Table of Contents		i-ii
Official Roster		iii
 Financial Section		
Independent's Auditor's Report		1-2
Management Discussion and Analysis		3-6
 Basic Financial Statements	<u>Exhibits</u>	<u>Page</u>
Statement of Net Assets	1	7
Statement of Activities	2	8
Balance Sheet-Governmental Funds	3	9
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	4	10
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Fund	5	11
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6	12
Statement of Revenues and Expenditures-Budget and Actual (GAAP Basis) - General Fund	7	13
Notes to Financial Statements		14-31
 Supplementary Information		
Statement of Revenues and Expenditures – Budget and Actual (GAAP Basis) –General Fund-by Organization	<u>Statement</u> 1	32-35
	<u>Schedule</u>	
Schedule of Transfers	1	36
Joint Powers Agreements & Memorandums of Understanding	2	37
Schedule of Expenditures of Federal Award	3	38

**State of New Mexico
Developmental Disabilities Planning Council**

Table of Contents

June 30, 2011

Other Reports

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	39-40
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	41-42
Schedule of Audit Findings and Question Costs	43-48
Schedule of Prior Year Findings	49
Exit Conference	50

**State of New Mexico
Developmental Disabilities Planning Council**

**Official Roster
June 30, 2011**

Name

Title

Cristine Marchand
Eveline Baier

Executive Director
Chief Financial Officer

Council Members

Self-Advocates/Family Members

Elizabeth Thomson
Althea Mcluckie
Antonio S. Garcia
Vickie Galindo
C. Dianne Griego
Margaret Humble
Andrea N. MacRae
Nadine C. Maes
Judy Ann Sena
Phyllis Shingle
Rose Mary Silversmith
Sandy Skaar

Chair
Member
Member
Member
Member
Member
Member
Member
Member
Member
Member

Advocates/Providers/IHE

Cate Mc Clain
James Alarid
Jim Jackson
Denise Weaver

Member
Member
Member
Member

State Agencies

Kathleen Hardy
Jane McGuigan
Cathy Stevenson
Gail Trotter
Michael Vallejo
Debbie Vigil

Member
Member
Member
Member
Member
Member

JOSEPH M. SALAZAR
CERTIFIED PUBLIC ACCOUNTANT

Espanola, New Mexico 87532
Phone/Fax 505-747-2775

Independent Auditor's Report

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico
And
Council Members
Developmental Disabilities Planning Council
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison for the general fund of the State of New Mexico Developmental Disabilities Planning Council (Council) as of and for the year ended June 30, 2011 which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's Management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

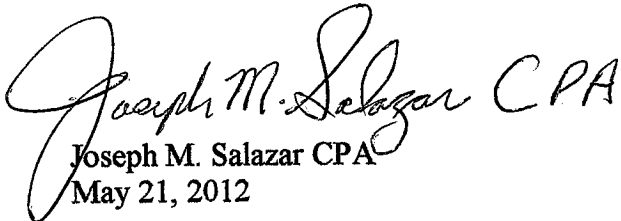
As discussed in Note 1, the financial statements of the Council are intended to present the financial position and changes in financial position of only that portion of the governmental activities and major fund of the State of New Mexico that is attributable to the transactions of the Council. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2011 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and the major fund of the Council as of June 30, 2011 and the respective changes in the financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Governmental Auditing Standards, we have also issued a report dated May 21, 2012 on our consideration of the Council's internal control over financial reporting and our test 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 and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management's Discussion and Analysis. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the Council. The accompanying supplementary information listed as schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Council. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, Audits of States and Local Governments, and Non-profit Organizations, and is also not a required part of the basic financial statements of the Council. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.


Joseph M. Salazar CPA
May 21, 2012

**State of New Mexico
Developmental Disabilities Planning Council**

**Management's Discussion and Analysis
June 30, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts - management's discussion and analysis (this section), the basic financial statements, required supplementary information and supplementary information that present schedules- including the Schedule of Expenditures of Federal Award and other reports. The basic financial statements include two kinds of statements that present different views of the Council.

The first two statements are government - wide financial statements that provide both long - term and short - term information about the Council's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Council government. The governmental funds statements tell how the general government service of Health and Welfare was financed in the short term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with supporting schedules. The remainder of this overview section of management's discussion and analysis explains the structure and content of each of the statements.

Government - Wide Statements

The government - wide statements report information about the Council as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the Council's net assets and how they have changed. Net assets, the difference between the Council's assets and liabilities, is one way to measure the Council's financial health or position. Over time, increases or decreases in the Council's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The Council has only one activity - Health and Welfare - which is a governmental activity. The Council does not have any business-type activities or any component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the Council's significant governmental fund - not the Council as a whole. Funds are accounting devices that the Council uses to keep track of specific sources of funding and spending for particular purposes. The Council has only one fund.

The Council has a governmental fund. All of the Council's basic services are included in this fund which focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balance left at year-end that is available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.

Financial Analysis of the Council as a Whole

Condensed financial information that compares the current year results to prior years is as follows:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Capital assets	\$ 10,326	\$ 20,652
Current and other assets	<u>650,610</u>	<u>729,761</u>
Total assets	<u>660,936</u>	<u>750,413</u>
Long term liabilities	-	-
Other liabilities	<u>452,347</u>	<u>779,008</u>
Total liabilities	<u>452,347</u>	<u>779,008</u>
Net assets		
Invested in capital assets	10,326	20,652
Restricted	240,149	-
Unrestricted	<u>(41,886)</u>	<u>(49,248)</u>
Total net assets	208,589	(28,596)
Program revenue		
Federal grants	446,217	545,176
Charges for services	463,089	75,000
ARRA funds	209,800	-
Other	<u>51,451</u>	<u>5,400</u>
	<u>1,170,557</u>	<u>625,576</u>
General Fund revenue	<u>4,061,500</u>	<u>4,396,900</u>
Total revenue	<u>5,232,057</u>	<u>5,022,476</u>
Program expenses		
Health and Welfare	<u>4,987,723</u>	<u>5,077,142</u>

Excess of revenue over expenditure	244,334	(54,666)
Reversions to State of New Mexico	7,149	(158,649)
Change in net assets	237,185	(213,315)
Beginning net assets	(28,596)	184,719
Ending net assets	<u>\$ 208,589</u>	<u>\$ (28,596)</u>

Overall Financial Position

The Council receives federal grant money for planning, administration and for program services. This money is received as reimbursement of costs. Therefore, while unpaid encumbrances and the corresponding reimbursement from the government may fluctuate, the result is no change in the financial position of the Council.

Analysis of Balances and Transactions

The Council does not have any other commitments or other limitations that affect the availability of fund resources for future use. General Fund revenue received from the State of New Mexico for matching expenses and to fund additional administration and program services must revert to the state if not expended or encumbered at the end of the fiscal year. This also results in no change to the financial position of the Council.

Budget Results

The final approved budget was adjusted from the original budget to recognize an additional \$34,500.00 of federal grant funds carryover from prior years. The Other Costs category was increased by these amounts to reflect additional funds available.

The difference between the budgeted federal revenues and actual federal revenue amounts represents federal budget which was expected to be expended in state fiscal year 2011, but will be rolled over into state fiscal year 2011.

The original approved budget for the entire agency was reduced by \$136,000 pursuant Laws 2010, 2nd Special Session, Chapter 6, Section 14. The cuts were distributed amongst the agency's programs in such a manner as to be least disruptive to the agency's operations.

The general fund revenue which was not expended in FY 11 was reverted to the state general fund and the federal funds which were not expended in FY 11 will be rolled over into FY 12.

REQUEST FOR INFORMATION

The purpose of this financial report is to provide the general public and other interested parties with a general overview of this agency's finances and accountability of funds. Questions concerning this report or requests for additional information should be addressed to the Executive Director of the Developmental Disabilities Planning Council 810 W. San Mateo, Suite C, Santa Fe, New Mexico 87505.

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
STATEMENT OF NET ASSETS
June 30,2011

Exhibit 1

ASSETS	Governmental Activities
Current	
Investment deposited with state treasurer	\$361,801
Due from other state agencies	124,045
Grants receivable	164,764
Total current assets	<u>650,610</u>
Non Current Assets	
Capital assets, net of depreciation	<u>10,326</u>
Total assets	<u><u>\$660,936</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$368,193
Accrued payroll	35,119
Due to State General Fund-Reversion	7,149
Compensated absences-current	41,886
Total current liabilities	<u>452,347</u>
NET ASSETS	
Invested in capital assets	10,326
Restricted for guardianship program	240,149
Unrestricted	<u>(41,886)</u>
Total net assets	<u>208,589</u>
Total liabilities and net assets	<u><u>\$660,936</u></u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011**

Exhibit 2

**Governmental
Activities**

Expenses:	
Planning & administraton	\$889,953
Brain injury advisory council	87,121
Office of guardianship	3,703,447
Consumer services	296,876
Depreciation expense	10,326
Total program expenses	<u>4,987,723</u>
Program revenues:	
Operating grants	446,217
Charges for services	463,089
Total program revenues	<u>909,306</u>
Net program expenses	<u>(4,078,417)</u>
General revenues and transfers:	
State general fund appropriation	4,061,500
Intra-state federal grant	209,800
Prior year reimbursements	49,557
Stale dated warrants	1,894
Transfers:	
Reversion to state general fund	(7,149)
Total general revenues and transfers	<u>4,315,602</u>
Changes in net assets	237,185
Net assets-beginning of year	<u>(28,596)</u>
Net assets -ending of year	<u><u>\$208,589</u></u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30,2011

Exhibit 3

ASSETS	General Fund
Investment on deposit with the state treasurer	\$361,801
Due from other state agencies	124,045
Grants receivable	164,764
Total assets	<u><u>\$650,610</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Account payable	\$368,193
Accrued payroll	35,119
Due to State General Fund-Reversion	7,149
Total Liabilities	<u><u>410,461</u></u>
Fund Balances	
Assigned for Office of the Guardianship program	<u>240,149</u>
Total Liabilities and Fund Balances	<u><u>\$650,610</u></u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
RECONCILIATION OF GOVERNMENTAL FUNDS-BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

FOR THE YEAR ENDED JUNE 30, 2011

Total fund balances for governmental funds		\$ 240,149
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Equipment	40,790	
Vehicle	49,928	
Accumulated depreciation	<u>(80,392)</u>	
Total capital assets		10,326
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Compensated absences	41,886	
Total liabilities		<u>(41,886)</u>
Net Assets of Governmental Activities		<u>\$ 208,589</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
For the Year Ended June 30, 2011

Exhibit 5

	General Fund
REVENUES	
Federal grants	\$446,217
Medicaid reimbursements	463,089
Prior year reimbursements	49,557
State dated warrants	<u>1,894</u>
Total revenues	<u>960,757</u>
 EXPENDITURES	
Current operating	
Planning & administration	897,315
Brain injury advisory council	87,121
Office of guardianship	3,703,447
Consumer services	<u>296,876</u>
Total expenditures	<u>4,984,759</u>
 Excess (deficiency) of revenue over expenditures	 (4,024,002)
 OTHER FINANCING SOURCES (USES)	
Transfers out:	
Reversions to the State General Fund:	(7,149)
Transfers in:	
State appropriation-regular	4,061,500
Intra-state federal grant	<u>209,800</u>
Total other Financing Sources (Uses)	<u>4,264,151</u>
 Net changes in fund balance	 240,149
 Fund balances-beginning of year	 -
 Fund balance-end of year	 <u>\$ 240,149</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balance – total governmental funds	\$ 240,149
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:	
Capital outlay	\$ -0-
Depreciation expense	<u>(10,326)</u>
Excess of capital outlay over depreciation expense	(10,326)
Expenses recognized in the Statement of Activities.	
Not reported in governmental funds- decrease in compensated absences	7,362
Changes in Net Assets of Governmental Activities	<u>\$ 237,185</u>

The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO **Exhibit 7**
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
STATEMENT OF REVENUES AND EXPENDITURES- BUDGET AND ACTUAL
General Fund
For Year Ended June 30, 2011

	<u>GENERAL FUND</u>			
	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
General Fund Appropriation	\$ 4,197,500	\$ 4,061,500	\$ 4,061,500	\$ -
Federal grants	510,500	545,000	446,217	(98,783)
Intra state federal-Medicaid	75,000	475,000	463,089	(11,911)
Intra-state federal -ARRA funds	-	209,800	209,800	-
Stale dated warrants	-	-	1,894	1,894
Miscellaneous revenue	-	-	49,557	49,557
Total revenues	\$ 4,783,000	\$ 5,291,300	\$ 5,232,057	\$ (59,243)
Expenditures				
Personal services & employee benefits	\$ 986,000	\$ 1,055,700	\$ 1,045,406	\$ 10,294
Contractual services	3,305,800	3,658,500	3,433,074	225,426
Other costs	491,200	577,100	501,636	75,464
Total expenditures	\$ 4,783,000	\$ 5,291,300	\$ 4,980,116	\$ 311,184

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(1) Organization and Summary of Significant Accounting Policies

The State of New Mexico Developmental Disabilities Planning Council was created by the thirty ninth Legislature, first Session Laws of 1989 Chapter 92. The purpose of the Council is to:

- A. act as a planning and coordinating body for persons with developmental disabilities;
- B. provide statewide systems advocacy for populations with developmental disabilities;
- C. work with appropriate state agencies to develop the developmental disabilities three-year plan as required by the Federal Developmental Disabilities Assistance and Bill of Rights Act;
- D. monitor and evaluate the implementation of the state developmental disabilities plan
- E. to the maximum extent feasible, review and comment on all state plans which relate to programs affecting persons with developmental disabilities;
- F. submit to the Secretary of the United States Department of Health and Human Services through the Developmental Disabilities Planning Council such periodic reports as the Secretary may request;
- G. advise the governor and the legislature about the needs of the developmentally disabled; and
- H. any other activities authorized or required by the provisions of the Federal Developmental Disabilities Assistance and Bill of Rights Acts.

The Council is authorized to:

- 1. award grants and enter into contracts to carry out duties; and
- 2. seek funding from sources other than the State.

The thirty members of the Council are appointed by the Governor of New Mexico and serve one, two and three year terms.

The Council has decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(1) Organization and Summary of Significant Accounting Policies (continued)

The accounting policies of the Council conform to generally accepted accounting principles as applicable to governmental units. A summary of the Council's significant accounting policies follows.

Financial Reporting Entity

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

The Developmental Disabilities Planning Council is a component unit of the State of New Mexico and these financial statements include all funds and activities over which the Council has oversight responsibility. The Council is part of the primary government of the State of New Mexico and its financial data of the State. However, New Mexico does not at present issue an audited Comprehensive Annual Financial Report inclusive of all agencies of the primary government. The Council has decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. The Council has no component units that are required to be reported in its financial statements.

The Council applies Government Accounting Standards Board (GASB) pronouncements as well as relevant pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB Pronouncements.

The accounting policies of the Developmental Disabilities Planning Council conform to generally accepted accounting principles (GAAP) as applicable to governments. A summary of the Council's significant accounting policies follow:

A. Basis of Accounting-GASB Statement No. 34

The basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as governmental activities.

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(1) Organization and Summary of Significant Accounting Policies (continued)

B. Basis of Presentation-Fund Accounting

Government –Wide Financial Statements

The statement of net assets and the statement of activities display information about the Council, the primary government, as a whole, without displaying individual funds or fund types. Generally, these statements distinguish between activities that are governmental and those that are considered business-type activities. The Council has no business-type activities; therefore these statements only reflect governmental activities. Government-wide financial statements exclude information about fiduciary funds and component units that are fiduciary in nature.

The government-wide statements are prepared using the “economic resources” measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB 33. Grant revenue is recorded when all applicable eligibility or reimbursement requirements are met.

Fund Financial Statements

The governmental fund financial statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days in order to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Council’s actual experience conforms to the budget and fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is presented on the page following each fund statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the government-wide presentation.

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(1) Organization and Summary of Significant Accounting Policies (continued)

The accounts of the Council are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which spending activities are controlled. The following fund types are used by the Council:

Governmental Funds

General Funds (SHARE Fund 07900):

The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

The General Fund is composed of four programs:

- DDPC Planning and Administration (P727) - reverting
- Brain Injury Advisory Council (P728) – reverting
- Office of Guardianship (P737) – non reverting (see note 9 page 26)
- Consumer Services (P739) – reverting

C. Assets, Liabilities and Equity

Capital Assets – Fund Statements

General capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as capital outlay expenditures in governmental funds. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Capital assets with a value exceeding \$5,000 are capitalized in accordance with Section 12-6-10 NMSA 1978 and depreciated. Under this laws, items in the capital assets inventory that do not meet the new capitalization threshold continue to be depreciate in future periods until they are fully depreciated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Council has no public domain or infrastructure assets.

Depreciation is provided over assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	5-10 years
Vehicles	5 years

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(1) Organization and Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Long-Term Liabilities

Compensated Absences

The Council's policies regarding annual leave permits employees to accumulate earned but unused annual leave. The liability for these compensated absences is recorded as current liabilities in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absences liability payable from expendable available financial resources.

Equity

Government Wide-Statements

Equity is classified as net assets and displayed in three component units:

1. Invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The Council has no outstanding debt relating to capital assets.
2. Restricted net assets consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt". The deficit reflected in the statement is caused primarily by federal grants receivable and accrued compensated absences at year end that have not been funded.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reservations of fund balance are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(1) Organization and Summary of Significant Accounting Policies (continued)

D. Budgetary Procedures and Budgetary Accounting

The State Legislature makes annual appropriations to the Council. Legal compliance is monitored through the establishment of a budget and a financial control system which permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the category level.

Budgeted category amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriation Act. The budget amounts shown in the financial statements are the final authorized amounts as legally revised during the year.

The council follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) No later than September 1, the Council submits to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance and Administration (DFA) an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
- (2) Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committee. The final outcome of those hearings is incorporated into the state's General Appropriation Act.
- (3) The act is signed into Law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
- (4) Per the General Appropriation Act, Laws of 2007 Chapter 28 Section 3 Subsection N the budget is adopted on a modified accrual basis of accounting that is consistent with generally accepted accounting principles (GAAP) 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. Under the modified accrual basis of accounting, encumbrances are excluded from budgeted expenditures. Budgetary comparisons presented for these funds in this report are on that basis.

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(1) Organization and Summary of Significant Accounting Policies (continued)

D. Budgetary Procedures and Budgetary Accounting (continued)

- (5) The Council submits, not later than May 1, to DFA an annual operating budget by appropriation unit and object code based upon the appropriation made by the Legislature. The DFA-Budget Division reviews and approves the opening budget which becomes effective on July 1. All subsequent budgetary adjustment must be approved by the Director of the DFA-Budget Division.
- (6) Legal budgetary control for expenditures and encumbrances is by appropriation unit.
- (7) Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
- (8) Appropriations lapse at the end of the fiscal year except for those amounts designated for multi-year use.
- (9) The Council's budget for the fiscal year ending June 30, 2011 was amended in a legally permissible manner by increasing or reallocating appropriation unit totals as the need arose during the fiscal year. Individual amendments were not material in relation to the original budget.

E. Compensated Absences Payable

Vacation and sick leave earned and not taken is cumulative; however, upon termination of employment, sick pay for such leave hours accumulated up to 600 hours is forfeited, and vacation pay is limited to payment for 240 hours. Vacation leave up to the maximum of 240 hours is payable upon separation from service at the employee's current hourly rate. Sick leave is payable semiannually to qualified employees for hours accumulated above 600 hours at a rate equal to 50 percent of their hourly rate, not to exceed 120 hours each semiannual period.

Upon retirement, payment for sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50 percent hourly rate. Accrued vacation and sick leave pay expected to be liquidated with current financial resources, if any, is recorded as a liability and as expenditure in the General Fund.

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(1) Organization and Summary of Significant Accounting Policies (continued)

E. Compensated Absences Payable

Qualified employees accumulate annual leave to a maximum of 240 hours as follow:

<u>Years Of Service</u>	<u>Hours Earned Per Pay Period</u>
Less than 3 years	3.08 hours
3 but less than 7 years	3.69 hours
7 but less than 11 years	4.61 hours
11 but less than 15 years	5.54 hours
15 years or more	6.15 hours

The maximum accrued annual leave may be carried forward into the beginning of the next calendar year and any excess is lost. When employment terminates, employees are compensated for accumulated unpaid annual leave as of the date of termination up to the maximum of 240 hours.

F. Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Accordingly, actual results could differ from those estimates

G. Program Revenues

Program revenue includes federal grants and Medicaid referral fees generated by the call center. Medicaid also reimburses certain administrative costs related to the Guardianship services. Grant revenues are recognized when all applicable eligibility requirements are met.

H. Expenditures

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Council first uses restricted resources then unrestricted resources.

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER

All cash of the Council is on deposit with the New Mexico State Treasurer. These monies are held on deposit with the State Treasurer and are pooled and invested by the State Investment Council. The State Treasurer issues separate financial statements which disclose the collateral pledged to secure these deposits. Cash on deposit with the State Treasurer at year end is as follows:

	<u>SHARES</u> <u>Fund #</u>	<u>Book</u> <u>Balance</u>
Operating account	07900	\$361,801

The council has cash on deposit with the State Treasurer in the General fund Investment Pool (GFIP). The State Treasurer has the authority to invest money held in demand deposits and not immediately needed for the operation of state government in securities in accordance with Section 6-10-10.I through O NMSA 1978 as amended. The State Treasurer, with the advice and consent of the state board of finance can invest money held in demand deposits and not immediately needed for the operations of state government in:

- (a) Securities issued by the United States (U.S.) government or by its departments or agencies that are either direct obligations of the U.S. or are backed by the full faith and credit of the U.S. government or agencies sponsored by the U.S. government.
- (b) Contracts for the present purchase and resale at a specified time in the future, not to exceed one year or, in the case of bond proceeds, not to exceed three years, of specific securities at specified prices at a price differential representing the interest income to be earned by the state. No such contract shall be invested in unless the contract is fully secured by obligations of the United States or its agencies or by other securities backed by the United States or its agencies or instrumentalities having a market value of at least one hundred two percent of the amount of the contract. The securities required as collateral shall be delivered to a third-party custodian bank and delivery shall be made simultaneously with the transfer, no later than the same day the funds are transferred. The contracting bank, brokerage firm or institutional investor must have a net worth in excess of five hundred million dollars.

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER (continued)

- (c) Contracts for the temporary exchange of state owned securities for the use of broker-dealers, banks or other recognized institutional investors in securities for periods not to exceed one year for a specified fee rate. No such contract shall be invested in unless the contract is fully secured by exchange of an irrevocable letter of credit running to the state, cash or cash equivalent collateral of at least one hundred two percent of the market value of the securities plus accrued interest temporarily exchanged. The collateral required shall be delivered to the fiscal agent of New Mexico or the designee simultaneously with the transfer of funds, no later than the same day the state-owned securities are transferred. The contracting bank, brokerage firm or institutional investor must have a net worth in excess of five hundred million dollars.
- (d) Any of the following investments in an amount not to exceed forty percent of any fund that the state treasurer invests: (1) commercial paper rated "prime" quality by a national rating service, issued by corporations organized and operating within the U.S.; (2) medium-term notes and corporate notes with a maturity not exceeding five years that are rated A or its equivalent or better by a nationally recognized rating service and that are issued by a corporation organized and operating in the U.S.; or (3) an asset-backed obligation with a maturity not exceeding five years that is rated AAA or its equivalents by a nationally recognized rating service.
- (e) Shares of an open-ended diversified investment company that is registered with the United States securities and exchange commission, complies with the diversification, quality and maturity requirements of Rule 2a-7, or any successor rule, or the United States securities and exchange commission applicable to money market mutual funds; and assesses no fees pursuant to Rule 12b-1, or any successor rule, on sales load on the purchase of shares and no contingent deferred sales charge or other similar charges, provided that the state shall not, at any time, own more than five percent of a money market mutual fund's assets.
- (f) Individual common or collective trust funds of banks or trust companies that invest in U.S. fixed income securities or debt instruments authorized pursuant to (a), (b), and (d) above, provided that the investment manager has assets under management of at least one billion dollars and the investments made by the state treasurer pursuant to this paragraph are less than five percent of the assets of the individual, common or collective trust fund.

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER (continued)

Public funds to be invested in negotiable securities or loans to financial institutions fully secured by negotiable securities at current market value shall not be paid out unless there is a contemporaneous transfer of the securities at the earliest time industry practice permits, but in all cases, settlement shall be on a same-day basis either by physical delivery or, in the case of uncertificated securities, by appropriate book entry on the books of the issuer, to the purchaser or to a reputable safekeeping financial institution acting as agent or trustee for the purchaser, which agent or trustee shall furnish timely confirmation to the purchaser.

For additional disclosures information regarding the investment in the State Treasurer's GFIP, the reader should see the separate audit report for the State Treasurer for the fiscal year ended June 30, 2011, review the State Treasurer's Investment Policy and review Sections 2.60.4.1 through 2.60.4.15 of the New Mexico Administrative Code, regarding Investment of Deposits of Public Funds Depository Bank Requirements, Collateral Level Requirements and Custodial Bank Requirements.

(3) Grants Receivable

The Council receives Federal Financial Assistance in the form of Title 1 Funds- Programs for Persons with Developmental Disabilities. The terms of the grant require that the State of New Mexico provide a match of at least 25 percent of the total expenditures from the program. The Council was in compliance with this requirement. Expenditures for federal programs are reimbursed upon request by the U. S. Department of Health and Human Services. The Council expended \$446,217 during the fiscal year. The amount of \$164,764 has been accrued as a receivable at June 30, 2011 from Title I funds to cover accounts payable for applicable federal programs and amounts not previously drawn. The grant receivable amount is considered fully collectible.

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(4) Capital Assets

Substantially all capital assets have been acquired through State General Fund appropriations. A summary of changes in capital assets are as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Equipment	\$40,790	-	-	\$40,790
Vehicle	49,928	-	-	49,928
Accumulated depreciation	<u>(70,066)</u>	<u>(10,326)</u>	<u>-</u>	<u>(80,392)</u>
Total capital assets	<u>\$20,652</u>	<u>\$(10,326)</u>	<u>\$ -</u>	<u>\$10,326</u>

Depreciation expense for the year ended June 30, 2011 was \$10,326

(5) Accounts Payable

Accounts payable represent expenditures for goods and services received prior to June 30, 2011 and paid after June 30.

(6) Accrued Liabilities-Salaries and Employee Benefits Payable

A portion of payroll expenditures pertaining to the year ended June 30, 2011 was accrued. Disbursement occurred subsequent to June 30, 2011. Accrued payroll and benefits payable totaling \$35,119 have been reflected in the balance sheet.

(7) Due to the State General Fund

Due to the State General Fund consists of the following:

Fiscal year 2011	<u>7,149</u>
Total	<u>\$ 7,149</u>

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(8) Compensated Absences Payable

A summary of changes in Compensated Absences Payable follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated absences	<u>\$49,248</u>	<u>\$80,943</u>	<u>\$88,305</u>	<u>\$41,886</u>	<u>\$41,886</u>

The Council's general fund is used to pay compensated absences.

(9) Fund balance

The New Mexico State legislature, Laws of 2011, Chapter 179, Section 5 (19) under special appropriations allowed that any unexpended balance in the Office of the Guardianship program remaining at the end of fiscal year 2011 from appropriations made from the general fund and internal service fund/interagency transfers shall not revert. As of June 30, 2011 the guardianship program had \$240,149 in fund balance.

(10) Commitments-Operating Leases

The Council entered into noncancellable operating leases for Council space. Rental expense under all operating lease agreements was approximately \$125,324 for the year ended June 30, 2011. The Council has future commitments under operating leases agreements as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2012	129,459
2013	132,676
2014	84,736
2015	34,967
2016	<u>34,967</u>
Total	<u>\$416,805</u>

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(11) Budgetary/GAAP Financial Statement Reconciliation

The Council generally reports budgetary information on the modified accrual basis of accounting as described in footnote (1) D. However, there is a difference in revenues and expenditures between the budget statement and the statement of Revenue and Expenditures. The following presentation reconciles the differences:

	General Fund
Revenues-budgetary statement-Exhibit 7	\$5,232,057
Revenues-GAAP basis statement –Exhibit 5	<u>\$5,232,057</u>
Expenditures-budgetary statement- Exhibit 7	\$4,980,116
Accounts payable approved by DFA to be paid in 2011 and charged to the 2012 budget	22,283
Prior year accounts payable approved by DFA to be paid in 2010 and charged to the 2011 budget	<u>(17,640)</u>
Expenditures-GAAP basis statement- Exhibit 5	<u>\$4,984,759</u>

(12) PERA Retirement Plan

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

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

PERA Retirement Plan (continued)

Funding Policy. Plan members are required to contribute 8.92% of their gross salary. The Council is required to contribute 15.09% of the gross covered salary. The contribution requirements of plan members and the Council are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Council's contributions to PERA for the fiscal years ending June 30, 2011, 2010 and 2009 were \$109,915, \$110,349, and \$122,927, respectively, which equal the amount of the required contributions for each fiscal year.

(13) Deferred Compensations

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan available to all State employees and those local government and school district employees whose employers have elected participation in the plan, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

There are employees that are making contributions to a Deferred Compensation Plan. Neither the Council nor the State of New Mexico makes any contributions to the Deferred Compensation Plan. All contributions withheld from participants by the Council have been paid to the New Mexico Public Employee's Retirement Association, which administers the plan.

(14) Post-Employment Benefits State Retiree Health Care Plan

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

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(15) Post-Employment Benefits (Continued)

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>
FY 12	1.834%	.917%
FY 13	2.000%	1.000%

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(15) Post-Employment Benefits (Continued)

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

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

The Council's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$12,064 \$9,475 and \$9,633, respectively, which equal the required contributions for each year.

(16) Risk Management

The Developmental Disabilities Planning Council is exposed to various risks of loss. The Council carries insurance with the Risk Management Division of New Mexico General Services Department. Coverage is provided for General Liability, Surety Bond, Property and Workers Compensation.

(17) Due from /Due to

	Purpose	Due From	Due To
Due from other state agencies	Medicaid reimbursement due from Department of Human Services SHARE Fund # 97600	124,045	
Due to State General Fund	Reversion-Department of Finance and Administration SHARE Fund # 85300		7,149

**State of New Mexico
Developmental Disabilities Planning Council**

**Notes to Financial Statements
June 30, 2011**

(18) Intra State Federal Grant

The Council received American Recovery and Reinvestment Act monies of \$209,800 to cover the fiscal year 2011 budget shortfall through December 31, 2010 and continue vital corporate guardian and legal services for incapacitated, income eligible adults through the New Mexico Office of Recovery and Reinvestment from the government service fund. The \$209, 800 was budgeted and expended under the guardianship program for personal services during the fiscal year.

(19) Deficit Net Assets

GASB #34 requires capitalized assets, net of accumulated depreciation and the inclusion of long term debt resulting in an unrestricted net asset deficit of \$41,886. This deficit is created by compensated absences liabilities which will be paid from subsequent years State General Fund Appropriations.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO **Statement 1**
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
STATEMENT REVENUES AND EXPENDITURES- BUDGET AND ACTUAL
General Fund by Organization
For Year Ended June 30, 2011

Planning and Administration

	GENERAL FUND			
	Budget Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
General Fund appropriation	\$ 465,800	\$ 450,700	\$ 450,700	\$ -
Federal grants	510,500	545,000	446,217	(98,783)
State dated warrants	-	-	428	428
Miscellaneous	-	-	276	276
Total revenues	\$ 976,300	\$ 995,700	\$ 897,621	\$ (98,079)
Expenditures				
Personal services & employee benefits	\$ 486,800	\$ 497,800	\$ 491,160	\$ 6,640
Contractual services	311,800	242,700	212,058	30,642
Other costs	177,700	255,200	183,134	72,066
Total expenditures	\$ 976,300	\$ 995,700	\$ 886,352	\$ 109,348

STATE OF NEW MEXICO **Statement 1**
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
STATEMENT REVENUES AND EXPENDITURES- BUDGET AND ACTUAL
General Fund by Organization
For Year Ended June 30, 2011

Brain Injury	GENERAL FUND			
	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
General Fund Appropriation	\$ 96,500	\$ 91,500	\$ 91,500	\$ -
Total revenues	\$ 96,500	\$ 91,500	\$ 91,500	\$ -
Expenditures				
Personal services & employee benefits	\$ 65,600	\$ 61,600	\$ 58,130	\$ 3,470
Contractual services	6,900	6,700	6,700	-
Other costs	24,000	23,200	22,295	905
Total expenditures	\$ 96,500	\$ 91,500	\$ 87,125	\$ 4,375

STATE OF NEW MEXICO **Statement 1**
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
STATEMENT REVENUES AND EXPENDITURES- BUDGET AND ACTUAL
General Fund by Organization
For Year Ended June 30, 2011

Office of Guardianship

	<u>GENERAL FUND</u>			
	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
General Fund Appropriation	\$ 3,406,400	\$ 3,296,000	\$ 3,296,000	-
Intra-state federal grants	-	400,000	388,091	(11,909)
Intra-state federal grants	-	209,800	209,800	-
Miscellaneous revenue	-	-	49,281	49,281
Total revenues	<u>\$ 3,406,400</u>	<u>\$ 3,905,800</u>	<u>\$ 3,943,172</u>	<u>\$ 37,372</u>
Expenditures				
Personal services & employee benefits	\$ 349,400	\$ 412,900	\$ 412,874	\$ 26
Contractual services	2,981,600	3,404,900	3,210,453	194,447
Other costs	75,400	88,000	85,619	2,381
Total expenditures	<u>\$ 3,406,400</u>	<u>\$ 3,905,800</u>	<u>\$ 3,708,946</u>	<u>\$ 196,854</u>

STATE OF NEW MEXICO **Statement 1**
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
STATEMENT REVENUE AND EXPENDITURES- BUDGET AND ACTUAL
General Fund by Organization
For Year Ended June 30, 2011

Consumer Services

	<u>GENERAL FUND</u>			
	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
General Fund Appropriation	\$ 228,800	\$ 223,300	\$ 223,300	-
Intra state federal	75,000	75,000	74,998	(2)
State dated warrants	-	-	1,466	1,466
Total revenues	\$ 303,800	\$ 298,300	\$ 299,764	1,464
Expenditures				
Personal Services & Employee Benefits	\$ 84,200	\$ 83,400	\$ 83,242	\$ 158
Contractual Services	5,500	4,200	3,863	337
Other Costs	214,100	210,700	210,588	112
Total expenditures	\$ 303,800	\$ 298,300	\$ 297,693	\$ 607

STATE OF NEW MEXICO **Schedule 1**
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
Schedule of Transfers
Schedule of Transfers for the year ended June 30, 2011

SHARE FUND	TITLE	IN	TRANSFER OUT
(1) 85300	Department of Finance and Administration	\$ 4,061,500	\$
(2) 85300	Department of Finance and Administration		150,100
(3) 97600	Department of Human Services	73,424	
(4) 05200	Department of Human Services	283,382	
(5) 89000	New Mexico Office of Recovery and Reinvestment	209,800	
(6) 20900	DFA State Board of Finance		93,000
		\$ 4,628,106	\$ 243,100

- (1) General Fund Appropriation-Laws of 2010, 2nd Special Session, Chapter 6, Section 4
- (2) Reversion to State General Fund
- (3) Transfer of medicaid reimbursement for information Center
- (4) Transfer of medicaid reimbursement of Office of Guardianship
- (5) Transfer of American Recovery and Reinvestment monies from New Mexico Office of Recovery and Reinvestment
- (6) Transfer of funds to repay FY 10 Board of Finance Loan

All of the above transfers were made to the Council's general fund SHARE Fund # 07900 except for the reversion out to the State General Fund and repayment of loan to Board of Finance

STATE OF NEW MEXICO Schedule 2
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 Joint Powers Agreements and Memoranda of Understanding
 For the Year Ended June 30, 2011

Participant has operational and audit responsibilities for the following MOU/JPA

Entity	Description	Beginning Date	Ending Date	Total Project	Contribution	Participant Contribution
1 Regents of UNM	Pilot clinic project to improve mental health services for individuals with developmental disabilities (DDMI).	7/1/2010	6/30/2011	35,000	35,000	-
2 UNM Health Sciences	Legislative policy training for individuals with disabilities	9/24/2010	12/31/2010	2,500	2,500	-
3 NM Highlands University	Determine feasibility of providing post secondary education/training for people with developmental disabilities	7/7/2010	6/30/2011	55,000	55,000	-

DDPC has operational and audit responsibilities for the following MOU/JPA

4 Human Services Department and UNM Health Sciences	Fund Information Center for New Mexicans with Disabilities/Babynet	7/1/2010	6/30/2011	165,000	90,000	75,000
5 UNM Health Sciences Center	Southwest Disability Conference	8/6/2010	12/31/2010	160,000	5,000	155,000

Schedule 3

State of New Mexico
 Developmental Disabilities Planning Council
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2011

Federal Grantor	Federal CFDA #	Program Award Amount	Grant Period	Expenditures	
				7/1/2010 thru	6/30/2011
U.S. Department of Health & Human Services	93.630	510,523	10/01/07 - 9/30/10	\$ -	
for Persons with Developmental Disabilities	93.630	510,523	10/01/08 - 9/30/11	6,732	
	93.630	510,523	10/01/09 - 9/30/12	358,518	
	93.630	510,523	10/01/10 - 9/30/13	80,967	
				<u>446,217</u>	
Pass-through New Mexico Office of Recovery and Reinvestment American Recovery and Reinvestment Act	84.397	209,800	7/1/10 - 6/30/11		209,800
					<u>209,800</u>
					<u>\$ 656,017</u>

Notes to Schedule of Expenditures of Federal Award:

- A. General - The above Schedule of Expenditure of Federal Awards presents the activity of all federal financial assistance programs of the Council.
- B. Basis of Accounting - The above Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1.C to the Council's financial statements.

JOSEPH M. SALAZAR
CERTIFIED PUBLIC ACCOUNTANT
P.O. Box 1744
Espanola, New Mexico 87532
505-747-2775

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. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico
and
Council Members
Developmental Disabilities Planning Council
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, major fund, the respective budgetary comparison of the State of New Mexico, Developmental Disabilities Planning Council (Council) as of and for the year ended June 30, 2011 which collectively comprise the Council's basic financial statements and have issued our report thereon dated May 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

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 in 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 Council's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. See finding 04-1 and 10-2 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.

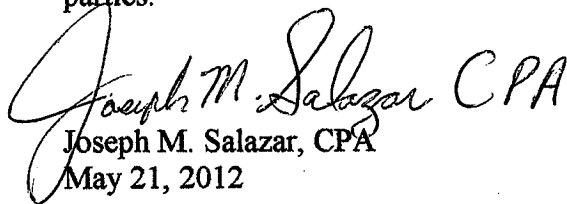
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*".

We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* paragraph 5.14 and 5.16, and pursuant to Section 12-6-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 10-1 and 11-1.

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

This report is intended for the information and the use of the Council's management, others within the Council, the State Auditor, Department of Finance and Administration and the New Mexico Legislature and is not intended to be and should not be used by anyone other than these specified parties.


Joseph M. Salazar, CPA
May 21, 2012

JOSEPH M. SALAZAR
CERTIFIED PUBLIC ACCOUNTANT
P.O. Box 1744
Espanola, NM 87532

Phone (505) 747-2775

Fax (505-747-2775)

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

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico
and
Council Members
Developmental Disabilities Planning Council
Santa Fe, New Mexico

Compliance

We have audited New Mexico Developmental Disabilities Planning Council (Council) 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 Council's major federal program for the year ended June 30, 2011. The Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule findings and questioned costs as item 10-3.

Internal Control Over Compliance

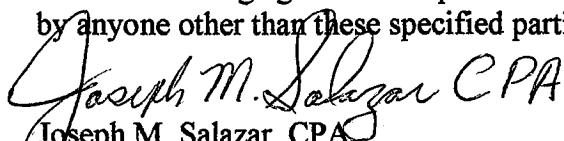
Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB 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 Council's internal control over compliance.

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

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

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

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


Joseph M. Salazar, CPA
May 21, 2012

**State of New Mexico
Developmental Disabilities Planning Council
Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness identified? Yes No

Significant deficiency identified that is not considered to be a material weakness? Yes No

Noncompliance material to financial Statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Type of auditor's report issued on compliance for major Programs: unqualified

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

A \$300,000 threshold was used to distinguish between Type A and Type B programs

Major Program: US Department of Health and Human Services 93.630.

The Council did not qualify as a low Risk Auditee under section 530.

**State of New Mexico
Developmental Disabilities Planning Council
Schedule of Findings and Questioned Costs
June 30, 2011**

04-1 Segregation of Duties- Significant Deficiency

Condition

The CFO approves purchase requests, approves vouchers, and posts transactions and adjustments to the accounting system and reconciles the information on the accounting system.

Criteria

The Manual of Model Accounting Practices issued by the Financial Control Division of the Department of Finance and Administration Volume 1 Section 09.1 thru 09.5 requires that state agencies have proper segregation of duties. Also, good internal control procedures require the segregation of duties of authorizing of transactions and the reconciliation and review of financial data.

Effect

Errors and irregularities may occur and not be detected in a timely manner. It is possible for an employee to misappropriate assets and alter the records to cover the fact that an irregularity has occurred without proper segregation of duties.

Cause

The Council has only two employees that are involved in accounting for financial transactions. Therefore, it is difficult to separate the authorization and reconciliation of financial transactions.

Recommendation

Recommend the Council review its internal control procedures in the preparation, recording, reconciliation and review of its financial transactions and implement procedures to strengthen controls over its financial records.

Response

The agency has only one trained accountant, the chief financial officer, who can perform the higher level functions of posting transactions and adjustments to the accounting system. The agency also does not currently have any employees in the financial unit, other than the chief financial officer, who are able to prepare the required reconciliations. The agency has cross trained employees to achieve segregation of duties at the lower levels, i.e. approval of purchase orders and payment vouchers, however, unless another accountant can be hired for the agency, a meaningful segregation of duties at the upper level of financial functions will not be possible.

**State of New Mexico
Developmental Disabilities Planning Council
Schedule of Findings and Questioned Costs
June 30, 2011**

10-1 Late Audit Report- Other

Condition

The annual audited financial report for the fiscal year 2011 was not submitted to the State Auditor's Office by the December 15, 2011 deadline. The report was submitted and received by the State Auditor's Office on May 23, 2012.

Criteria

New Mexico State Auditor Rule Section 2.2.2.9 and audit contract require that the Council's audit report be submitted to the State Auditor's Office no later than December 15, 2011.

Effect

The lateness of the audit report creates a decrease in relevance and usefulness of financial information and noncompliance with State Auditor's Office audit requirements.

Cause

The Council's financial records were not reconciled on a timely basis.

Recommendation

Recommend that the Council comply with the State Auditor Rule requirement and audit contract of completing and submitting the audit report by the due date.

Council's Response

The issue with this finding is the same as the issue with the finding on segregation of duties. Since the agency has only one accountant, when the chief financial officer is out for an extended period of time, as was the case when the CFO was out on family medical leave for 12 weeks, there is no one in the agency who can perform the upper level financial duties. All upper level financial operations are, therefore, suspended while the CFO is out. The agency will pursue the hiring of temporary professional help to cover the CFO's function if this issue recurs in the future and if the budget allows.

**State of New Mexico
Developmental Disabilities Planning Council
Schedule of Findings and Questioned Costs
June 30, 2011**

10-2 Timely Reconciliation of Financial Records- Significant Deficiency

Condition

Some of the financial accounts of the Council such as the federal accounts receivable, fund balance and due to the State General Fund as of June 30, 2011 were not reconciled.

Criteria

The Manual of Model Accounting Practices issued by the Financial Control Division of the Department of Finance and Administration requires that state agencies perform monthly reconciliations of balances and accounts. Also, good internal control and accounting practice require that financial information be reviewed and reconciled on a timely basis.

Effect

Financial records are inaccurate and not fairly stated if not reconciled and corrected on a timely basis.

Cause

The Council's Chief Financial Officer was out on family medical leave for twelve weeks which delayed the reconciliation of its financial records.

Recommendation

Recommend that the Council reconcile and adjust its financial records on the SHARE system to the amounts that the Council has supporting documentation for on a timely basis.

Council's Response

The issue with this finding is also the same as the issue with the finding on segregation of duties. When the chief financial officer is out for an extended period of time, as was the case when the CFO was out on family medical leave for 12 weeks, there is no one in the agency who can perform the upper level financial duties. All upper level financial operations are, therefore suspended while the CFO is out. The agency will pursue the hiring of temporary professional help to cover the CFO's function if this issue recurs in the future and if the budget allows.

**State of New Mexico
Developmental Disabilities Planning Council
Schedule of Findings and Questioned Costs
June 30, 2011**

10-3 Timely filing of Data Collection Form-Compliance

Condition

The Council receives a federal award every year as follows:

1. The Federal program- State Developmental Disabilities Council Grant Program,
2. Developmental Disabilities Basic Support and Advocacy Grant,
3. CFDA # 93.630 of the Department of Health and Human Services Administration for Children and Families
4. Federal award 2008G994902 to 2011G994902

Also, the Council received a pass through grant of American Recovery and Reinvestment Act (CFDA #84.397) monies through the New Mexico Office of Recovery and Reinvestment during the fiscal year.

Due to the lateness of completion of the audit, the Council did not file the data collection form and the reporting package to the federal clearing house on a timely basis.

Criteria

Office of Management and Budget requires that within the earlier of 30 days after receipt of auditor's report or nine months after the fiscal year that the data collection form be submitted.

Effect

The Council did not comply with the requirement that the data collection form and reporting package be completed and filed on a timely basis.

Cause

The audit was not completed on a timely basis.

Recommendation

Recommend that the Council complete its audit on a timely basis in order to comply with the requirement of submitting the data collection form on a timely basis.

Council's Response

The Council has cross-trained non-financial personnel to enable them to assist will lower level financial functions in order to assist the chief financial officer with workload at critical times so that the financial audit can be completed on a timely basis. The Council will also be training some higher level staff to assist with financial functions, which should also serve to lessen the time pressure on the chief financial officer and enable the agency to complete the annual financial audit in a timely basis.

**State of New Mexico
Developmental Disabilities Planning Council
Schedule of Findings and Questioned Costs
June 30, 2011**

11-1 Reversion to State General Fund-Other

Condition

Amount due to the State General Fund for the fiscal year 2011 has not been reverted as required by state Statute.

Criteria

New Mexico State Statute Section 6-5-10 requires that all unreserved, undesignated fund balance in reverting funds and accounts at year end shall revert to the State General Fund. The Council may adjust the reversion within 45 days of release of the audit report for the fiscal year

Effect

The Council is not in compliance with state statute.

Cause

The Council not reconciling its financial data on a timely basis caused the Council to not revert monies on a timely basis.

The Council

Recommendation

Recommend the Council comply with state statute requirements concerning reversions of monies to the State General Fund.

Council's Response

The Council has only on trained accountant, the chief financial officer, who is able to prepare the required reconciliations for the reversion calculation. The agency has cross trained some non-financial employees in an attempt to ameliorate the effect of the chief financial officer's absence for extended periods of time, and thus, the delaying of the reconciliations

**State of New Mexico
Developmental Disabilities Planning Council
Prior Year Findings
June 30, 2011**

04-1	Segregation of Duties	Repeated
10-1	Late Audit Report	Repeated
10-2	Timely Reconciliation of Financial Records	Repeated
10-3	Timely filing of Data Collection Form	Repeated

Financial Statement Preparation

The financial statements, notes to the financial statements and schedules were prepared by the independent certified public accountant performing the audit. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance. The Council's chief financial officer has knowledge and experience in the preparation, review and approval of financial statements. Management has reviewed and approved the financial statements, notes to the financial statements and schedules.

**State of New Mexico
Developmental Disabilities Planning Council
Exit Conference
June 30, 2011**

The contents of this report were discussed at an exit conference on May 21, 2012. Those attending were as follows:

Developmental Disabilities Planning Council

Denise Weaver, Council Chairperson

Agnes Maldonado, Executive Director

Eveline Baier, Chief Financial Officer

Independent Auditor

Joseph M. Salazar CPA

