

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, 2012

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

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

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June 30, 2012

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

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

**Official Roster
June 30, 2012**

Name

Title

Agnes Maldonado
Eveline Baier

Executive Director
Chief Financial Officer

Council Members

Self-Advocates/Family Members

Vickie Galindo
C. Dianne Griego
Katie A. Klauschie
Andrea N. MacRae
Doris Roberts
Judy Ann Sena
Phyllis Shingle
Rose Mary Silversmith
Sandy Skaar
Elizabeth Thomson

Member
Member
Member
Member
Member
Member
Member
Member
Member

Advocates/Providers/IHE

James Alarid
Jim Jackson
Cate Mc Clain
Denise Weaver

Member
Member
Member
Chair

State Agencies

Kathleen Hardy
Jane McGuigan
Sandra Schwarz
Cathy Stevenson
Gail Trotter
Ralph 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, 2012 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.

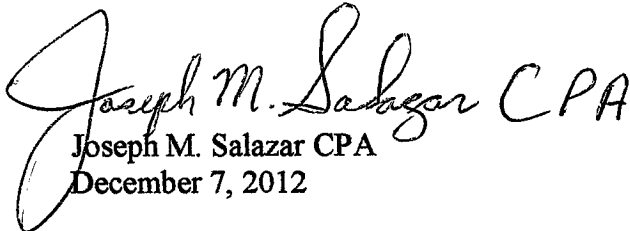
As discussed in Note 1, the financial statements of the Council are intended to present the financial position and changes in financial position of only that portion of the governmental activities and major fund of the State of New Mexico that is attributable to the transactions of the Council. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2012 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, 2012 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 December 7, 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.

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB 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. Our opinion on the basic financial statements is not affected by this missing information.

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 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
December 7, 2012

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
STATEMENT OF NET ASSETS
June 30,2012

Exhibit 1

	Governmental Activities
ASSETS	
Current	
Investment deposited with state treasurer	\$287,456
Due from other state agencies	205,225
Grants receivable	<u>195,985</u>
Total current assets	<u>688,666</u>
Non Current Assets	
Capital assets, net of depreciation	<u>-</u>
Total assets	<u><u>\$688,666</u></u>
LIABILITIES	
Current liabilities	
Accounts payable	\$387,445
Accrued payroll	32,688
Due to State General Fund-Reversion	29,269
Compensated absences-current	<u>42,332</u>
Total current liabilities	<u>491,734</u>
NET ASSETS	
Restricted for special appropriation	10,000
Restricted for supplemental appropriation	53,857
Restricted for guardianship program	175,407
Unrestricted	<u>(42,332)</u>
Total net assets	<u>196,932</u>
Total liabilities and net assets	<u><u>\$688,666</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, 2012**

Exhibit 2

**Governmental
Activities**

Expenses:

Planning & administraton	\$867,061
Brain injury advisory council	85,154
Office of guardianship	3,830,642
Office of guardianship-supplemental appropriation	58,143
Consumer services	269,163
Depreciation expense	<u>10,326</u>
Total program expenses	<u>5,120,489</u>

Program revenues:

Operating grants	384,378
Charges for services	<u>475,000</u>
Total program revenues	<u>859,378</u>

Net program expenses	<u>(4,261,111)</u>
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General revenues and transfers:

State general fund appropriation	4,135,300
Supplemental appropriation	112,000
Special appropriation	10,000
Miscellaneous revenue	2,526
Transfers:	
Reversion to state general fund	<u>(10,372)</u>
Total general revenues and transfers	<u>4,249,454</u>

Changes in net assets	(11,657)
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Net assets-beginning of year	<u>208,589</u>
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Net assets -ending of year	<u><u>\$196,932</u></u>
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The accompanying notes are an integral part of the financial statements.

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
BALANCE SHEET- GOVERNMENTAL FUNDS
June 30,2012

Exhibit 3

ASSETS	General Fund
Investment on deposit with the state treasurer	\$287,456
Due from other state agencies	205,225
Grants receivable	195,985
Total assets	<u><u>\$688,666</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Account payable	\$387,445
Accrued payroll	32,688
Due to State General Fund-Reversion	29,269
Total Liabilities	<u><u>449,402</u></u>
Fund Balances	
Restricted for Office of the Guardianship program	175,407
Restricted-special appropriation	10,000
Restricted -supplemental appropriation	53,857
Total Fund Balance	<u><u>239,264</u></u>
Total Liabilities and Fund Balances	<u><u>\$688,666</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, 2012**

Total fund balances for governmental funds		\$ 239,264
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	21,551	
Vehicle	49,928	
Accumulated depreciation	<u>(71,479)</u>	
Total capital assets		-
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	42,332	
Total liabilities		<u>(42,332)</u>
Net Assets of Governmental Activities		<u>\$ 196,932</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, 2012

Exhibit 5

	General Fund
REVENUES	
Federal grants	\$384,378
Medicaid reimbursements	475,000
Miscellaneous revenue	<u>2,526</u>
Total revenue	<u>861,904</u>
EXPENDITURES	
Current operating	
Planning & administration	866,615
Brain injury advisory council	85,154
Office of guardianship	3,830,642
Office of guardianship-supplemental appropriation	58,143
Consumer services	<u>269,163</u>
Total expenditures	<u>5,109,717</u>
Excess (deficiency) of revenue over expenditures	(4,247,813)
OTHER FINANCING SOURCES (USES)	
Transfers out:	
Reversions to the State General Fund:	(10,372)
Transfers in:	
State appropriation-regular	4,135,300
Supplemental appropriation	112,000
Special appropriation	<u>10,000</u>
Total other Financing Sources (Uses)	<u>4,246,928</u>
Net changes in fund balance	(885)
Fund balances-beginning of year	240,149
Fund balance-end of year	<u><u>\$ 239,264</u></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, 2012

Net change in fund balance – total governmental funds		\$ (885)
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		(446)
Changes in Net Assets of Governmental Activities		<u>\$ 11,657</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, 2012

	<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	\$ 4,135,300	\$ 4,135,300	\$ 4,135,300	\$ -
Federal grants	507,100	507,100	384,378	(122,722)
Intra state federal-Medicaid	475,000	475,000	475,000	-
Supplemental appropriation	112,000	112,000	112,000	-
Special appropriation	10,000	10,000	10,000	-
Miscellaneous revenue	-	-	2,526	2,526
Total revenues	<u>\$ 5,239,400</u>	<u>\$ 5,239,400</u>	<u>\$ 5,119,204</u>	<u>\$ (120,196)</u>
Budgeted fund balance		<u>193,000</u>		
		<u>5,432,400</u>		
Expenditures				
Personal services & employee benefits	\$ 1,063,000	\$ 1,069,100	\$ 996,720	\$ 72,380
Contractual services	3,596,800	3,685,500	3,539,064	146,436
Contractual services-supplemental appropriation	112,000	112,000	58,143	53,857
Contractual services-special appropriation	10,000	10,000	-	10,000
Other costs	457,600	555,800	508,381	47,419
Total expenditures	<u>\$ 5,239,400</u>	<u>\$ 5,432,400</u>	<u>\$ 5,102,308</u>	<u>\$ 330,092</u>

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, 2012

(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, 2012

(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, 2012

(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, 2012

(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 23)
- 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	

State of New Mexico
Developmental Disabilities Planning Council
Notes to Financial Statements
June 30, 2012

(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.

State of New Mexico
Developmental Disabilities Planning Council
Notes to Financial Statements
June 30, 2012

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned depending on the constraints that control how the Council can spend the amounts.

In the fund financial statements, governmental funds can report fund balances as:

Nonspendable - amounts that are not in spendable form (such as inventory) or are required to be maintained intact;

Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned - amounts a government intends to use for a specific purpose, intent can be expressed by the governing body or by and official or body to which the governing body delegates the authority;

Unassigned - Amounts that are available for any purpose, positive amounts are reported only in the general fund.

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.

State of New Mexico
Developmental Disabilities Planning Council
Notes to Financial Statements
June 30, 2012

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

D. Budgetary Procedures and Budgetary Accounting (continued)

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.
- (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.

State of New Mexico
 Developmental Disabilities Planning Council
 Notes to Financial Statements
 June 30, 2012

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

D. Budgetary Procedures and Budgetary Accounting (continued)

- (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, 2012 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.

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

**State of New Mexico
Developmental Disabilities Planning Council
Notes to Financial Statements
June 30, 2012**

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

E. Compensated Absences Payable Continued

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, 2012**

(2) INVESTMENT DEPOSITED WITH THE STATE TREASURER

The State of New Mexico deployed the Statewide Human Resources, Accounting and Management Reporting System (SHARE) on July 1, 2006. The goal of the SHARE implementation was to provide the State of New Mexico with a single integrated system to streamline, enhance, and provide data integrity for financial reporting. In June 2012, the New Mexico State Controller commissioned a Diagnostic report with the purpose of assessing the state of cash reconciliations and determining recommendations for remediating the remaining system and business process issues pertaining to the book to bank process. This Diagnostic report indicates that the SHARE book to bank reconciliation contains a significant number of un-recorded items. The Diagnostic report is available in the Resource section of the Cash Control page of the New Mexico Department of Finance & Administration's website.

The Council adheres to the standards established in the Cash Management Function section of the Manual of Model Accounting Practice which was issued by the New Mexico Department of Finance and Administration - Financial Control Division. As part of this process, the Council performs a monthly reconciliation between the data collected in the field with monies deposited into the bank and the amounts posted into SHARE. The Council has taken every reasonable measure within its control to ensure that its cash balances in SHARE are correct. The Diagnostic report referred to above is not anticipated to have an impact on the SHARE cash balances of the Council. The Council's cash balances in SHARE appear to be fairly stated as of June 30, 2012.

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>Book</u>
	<u>Fund #</u>	<u>Balance</u>
Operating account	07900	\$287,456

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.

State of New Mexico
Developmental Disabilities Planning Council
Notes to Financial Statements
June 30, 2012

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

- (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.
- (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

State of New Mexico
Developmental Disabilities Planning Council
Notes to Financial Statements
June 30, 2012

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

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.

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, 2012, 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 \$384,378 during the fiscal year. The amount of \$195,985 has been accrued as a receivable at June 30, 2012 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, 2012**

(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 June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Equipment	\$40,790	-	19,239	\$21,551
Vehicle	49,928	-	-	49,928
Accumulated depreciation	<u>(80,392)</u>	<u>(10,326)</u>	19,239	<u>(71,479)</u>
Total capital assets	<u>\$10,326</u>	<u>\$(10,326)</u>	<u>\$ -</u>	<u>\$ - -</u>

Depreciation expense for the year ended June 30, 2012 was \$10,326

(5) Accounts Payable

Accounts payable represent expenditures for goods and services received prior to June 30, 2012 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, 2012 was accrued. Disbursement occurred subsequent to June 30, 2012. Accrued payroll and benefits payable totaling \$32,668 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 2012	\$ 10,372
Fiscal year 2011	<u>18,897</u>
Total	<u>\$ 29,269</u>

**State of New Mexico
Developmental Disabilities Planning Council
Notes to Financial Statements
June 30, 2012**

(8) Compensated Absences Payable

A summary of changes in Compensated Absences Payable follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Compensated absences	<u>\$41,886</u>	<u>\$80,943</u>	<u>\$80,497</u>	<u>\$42,332</u>	<u>\$42,332</u>

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

(9) Fund balance

The New Mexico State legislature, Laws of 2012, 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 2012 from appropriations made from the general fund and internal service fund/interagency transfers shall not revert. As of June 30, 2012 the guardianship program had \$229,264 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 \$149,781 for the year ended June 30, 2012. The Council has future commitments under operating leases agreements as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2013	152,778
2014	49,251
2015	49,251
2016	<u>49,251</u>
Total	<u>\$300,531</u>

State of New Mexico
 Developmental Disabilities Planning Council
 Notes to Financial Statements
 June 30, 2012

(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	\$5,119,204
Revenues-GAAP basis statement –Exhibit 5	<u>\$5,119,204</u>
Expenditures-budgetary statement- Exhibit 7	\$5,102,308
Accounts payable approved by DFA to be paid in 2013 and charged to the 2012 budget	29,792
Prior year accounts payable approved by DFA to be paid in 2011 and charged to the 2012 budget	<u>(22,383)</u>
Expenditures-GAAP basis statement- Exhibit 5	<u>\$5,109,717</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

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, 2012, 2011 and 2010 were \$94,264, \$109,915, and \$110,349, respectively, which equal the amount of the required contributions for each fiscal year.

State of New Mexico
Developmental Disabilities Planning Council
Notes to Financial Statements
June 30, 2012

(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 is 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.

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.

**State of New Mexico
Developmental Disabilities Planning Council
Notes to Financial Statements
June 30, 2012**

(14) Post-Employment Benefits (Continued)

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute requires each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% 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 13	2.000%	1.000%

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, 2012, 2011 and 2010 were \$12,888 \$12,064 and \$9,475, respectively, which equal the required contributions for each year.

(15) 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.

**State of New Mexico
Developmental Disabilities Planning Council
Notes to Financial Statements
June 30, 2012**

(16) 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	205,225	
Due to State General Fund	Reversion-Department of Finance and Administration SHARE Fund # 85300		29,269

(17) 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 \$42,332. This deficit is created by compensated absences liabilities which will be paid from subsequent years State General Fund Appropriations.

(18) Supplemental Appropriation

The Council received a supplemental appropriation of \$112,000 from the State General Fund to fund corporate guardianship services. Any unexpended balances remaining at the end of fiscal year 2012 shall not revert but may be expended in fiscal year 2013. The Council received \$112,000 and expended \$58,143 as of June 30, 2012.

(19) Special Appropriation

The Council received a special appropriation of \$10,000 from the State General Fund for children's safety helmets to be equitably distributed statewide. The appropriation may be expended in fiscal years 2012 and 2013. Any unexpended balances remaining at the end of fiscal year 2013 shall revert to the State General Fund. As of June 30, 2012, the Council received the \$10,000 and had not expended any monies.

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, 2012

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	\$ 464,600	\$ 464,600	\$ 464,600	\$ -
Federal grants	507,100	507,100	384,378	(122,722)
Miscellaneous	-	-	1,026	1,025
Total revenues	\$ 971,700	\$ 971,700	\$ 850,004	\$ (121,696)
Expenditures				
Personal services & employee benefits	\$ 494,400	\$ 523,200	\$ 470,886	\$ 52,314
Contractual services	315,800	217,000	174,685	42,315
Other costs	161,500	231,500	214,595	16,905
Total expenditures	\$ 971,700	\$ 971,700	\$ 860,166	\$ 111,534

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, 2012

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	\$ 85,600	\$ 85,600	\$ 85,600	\$ -
Special appropriation	\$ 10,000	\$ 10,000	\$ 10,000	-
Total revenues	\$ 95,600	\$ 95,600	\$ 95,600	\$ -
Expenditures				
Personal services & employee benefits	\$ 63,400	\$ 63,400	\$ 63,319	\$ 81
Contractual services	2,000	1,500	1,460	40
Contractual services- special appropriation	10,000	10,000	-	10,000
Other costs	20,200	20,700	20,334	366
Total expenditures	\$ 95,600	\$ 95,600	\$ 85,113	\$ 10,487

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, 2012

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	\$ 3,365,900	\$ 3,365,900	\$ 3,365,900	-
Intra-state federal grants	400,000	400,000	400,000	-
Special appropriation	112,000	112,000	112,000	-
Miscellaneous revenue	-	-	1,500	1,500
Total revenues	<u>\$ 3,877,900</u>	<u>3,877,900</u>	<u>\$ 3,879,400</u>	<u>\$ 1,500</u>
Fund balance		<u>193,000</u>		
		<u>4,070,900</u>		
Expenditures				
Personal services & employee benefits	\$ 420,100	\$ 400,100	\$ 382,215	\$ 17,885
Contractual services	3,277,800	3,465,800	3,361,719	104,081
Contractual services-supplemental appropriation	112,000	112,000	58,143	53,857
Other costs	68,000	93,000	85,764	7,236
Total expenditures	<u>\$ 3,877,900</u>	<u>\$ 4,070,900</u>	<u>\$ 3,887,841</u>	<u>\$ 183,059</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, 2012

Consumer Services

	GENERAL FUND			
	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
General Fund Appropriation	\$ 219,200	\$ 219,200	\$ 219,200	-
Intra state federal	75,000	75,000	75,000	-
Total revenues	\$ 294,200	\$ 294,200	\$ 294,200	-
Expenditures				
Personal Services & Employee Benefits	\$ 85,100	\$ 82,400	\$ 80,300	\$ 2,100
Contractual Services	1,200	1,200	1,200	-
Other Costs	207,900	210,600	187,688	22,912
Total expenditures	\$ 294,200	\$ 294,200	\$ 269,188	\$ 25,012

STATE OF NEW MEXICO **Schedule 1**
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
Schedule of Transfers
Schedule of Transfers for the year ended June 30, 2012

SHARE FUND	TITLE	TRANSFER IN	OUT
(1) 85300	Department of Finance and Administration	\$ 4,135,000	\$
(2) 85300	Department of Finance and Administration		29,269
(3) 97600	Department of Human Services	75,000	
(4) 05200	Department of Human Services	400,000	
(5) 7900	Department of Finance and Administration	112,000	
(6) 7900	Department of Finance and Administration	10,000	
		<u>\$ 4,732,000</u>	<u>\$ 29,269</u>

- (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) General Fund supplemental appropriation- Laws 2012, Chapter 12 Section 6 Item 25
- (6) General Fund special appropriation- Laws of 2012 Chapter 19 Section 5

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.

STATE OF NEW MEXICO Schedule 2
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
Joint Powers Agreements and Memoranda of Understanding
For the Year Ended June 30, 2012

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

Entity	Description	Beginning Date	Ending Date	Total Project	DDPC Contribution	Participant Contribution
1 University of New Mexico	Collaborate to increase higher education and post secondary options for individuals with developmental disabilities	7/1/2011	6/30/2012	5,000	5,000	-
2 University of New Mexico	Program to support a statewide self advocacy network led and maintained by persons with developmental disabilities	5/1/2012	12/31/2012	5,000	5,000	-
3 University of New Mexico	Provide information on ticket work, self support, microenterprise, HUD and post secondary education for people with developmental disabilities	4/1/2012	6/30/2011	55,000	5,000	-
4 University of New Mexico	Create and coordinate an advisory committee to maintain a curriculum for inclusive education, assistive technology, community advocacy, supported employment for persons with developmental disabilities	4/1/2012	6/30/2012	30,000	30,000	-

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

5 Human Services Department and UNM Health Sciences	Fund Information Center for New Mexicans with Disabilities/babynet	7/1/2010	6/30/2011	165,000	80,000	75,000
6 UNM Health Sciences Center	Southwest Disability Conference	8/6/2010	12/31/2010	50,460	5,000	45,460

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**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, and the respective general fund budgetary comparison of the State of New Mexico, Developmental Disabilities Planning Council (Council) as of and for the year ended June 30, 2012 which collectively comprise the Council's basic financial statements and have issued our report thereon dated December 7, 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

Management of the Council is responsible for establishing and maintaining effective 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. According, 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 responses 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.

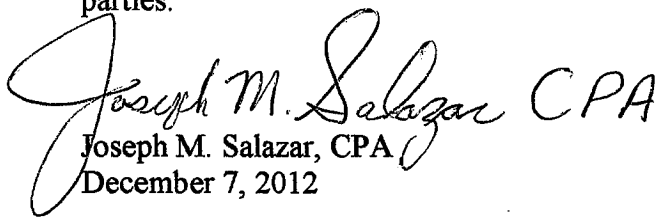
Compliance and Other Matters

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 responses as finding 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.

 CPA
Joseph M. Salazar, CPA
December 7, 2012

State of New Mexico
Developmental Disabilities Planning Council
Schedule of Findings and Responses
June 30, 2012

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.

Council's Response

A new policy has been implemented that requires the Executive Director and the Board Treasurer to review monthly financial reports on a monthly basis and sign a copy as being review and file the reports.

**State of New Mexico
Developmental Disabilities Planning Council
Schedule of Findings and Responses
June 30, 2012**

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, 2012 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 Council will reconcile its financial records on the SHARE system on a monthly basis.

**State of New Mexico
Developmental Disabilities Planning Council
Schedule of Findings and Responses
June 30, 2012**

11-1 Reversion to State General Fund-Other

Condition

Amount due to the State General Fund for the fiscal year 2012 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 will comply with state statute concerning the reversion of monies to the State General Fund.

**State of New Mexico
Developmental Disabilities Planning Council
Prior Year Findings
June 30, 2012**

04-1	Segregation of Duties	Repeated
10-1	Late Audit Report	Resolved
10-2	Timely Reconciliation of Financial Records	Repeated
10-3	Timely filing of Data Collection Form	Resolved
11-1	Reversion to State General Fund-	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, 2012**

The contents of this report were discussed at an exit conference on December 7, 2012. Those attending were as follows:

Developmental Disabilities Planning Council

Denise Weaver, Council Chairperson

Agnes Maldonado, Executive Director

John Block, Chief Financial Officer

Independent Auditor

Joseph M. Salazar CPA