

State of New Mexico
Developmental Disabilities
Planning Council

Financial Statements

June 30, 2015



*Certified Public Accountants
and Business Advisors LLC*

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
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JUNE 30, 2015**

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STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 OFFICIAL ROSTER
 JUNE 30, 2015

<u>Name</u>	<u>Executive Office</u>	<u>Title</u>
John Block, III		Executive Director
Kathleen Coates		Chief Financial Officer

Council Members - Self Advocates/Family Members

Sandy Skaar		Chair
C. Dianne Griego		Vice-Chair
Amira Rasheed		Member
Andrea N. MacRae		Member
Peter Stover		Member
Judy Ann Sena		Member
Cassandra N. Harden		Member
Dr. Tim Query		Member
Charlene Espinosa		Member
Sergio Resendiz		Member
Theresa V. Apodaca		Member
Vickie Galindo		Member
Hoskie Benally		Member

Council Members - Advocates/Providers/IHE

Marcia Moriarta		Member
Jim Jackson		Member

Council Members - State Agencies

Kathleen Hardy		Member
Debbie Hambel		Member
Kelly Zuni		Member
Cathy Stevenson		Member
Gail Trotter		Member
Cynthia Shelton		Member
Michael Lovato		Member

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Timothy Keller
New Mexico State Auditor
The Council of New Mexico Developmental Disabilities Planning Council
Albuquerque, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the budgetary comparisons for the general fund of the New Mexico Developmental Disabilities Planning Council (the "Council"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Council, as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of New Mexico Developmental Disabilities Planning Council are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities and the major fund that are 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, 2015 and the changes in its financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the Council's financial statements and budgetary comparison. The *other schedules required by 2.2.2.NMAC* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of

America. In our opinion, the other schedules requires by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendors and the individual program budget-to-actual comparisons have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

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

A handwritten signature in blue ink that reads "Axiom".

Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
November 30, 2015

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 STATEMENT OF NET POSITION
 JUNE 30, 2015

	<u>Governmental Activities</u>
ASSETS	
<i>Current:</i>	
Investment on deposit with state treasurer	\$ 2,232,232
Due from other state agencies	154,904
Grants receivable	184,423
<i>Total current assets</i>	<u>2,571,559</u>
<i>Noncurrent assets:</i>	
Capital assets	67,665
Less: accumulated depreciation	(67,665)
<i>Total noncurrent assets</i>	<u>-</u>
<i>Total assets</i>	<u>2,571,559</u>
LIABILITIES	
<i>Current liabilities:</i>	
Accounts payable	465,506
Accrued payroll liabilities	10,512
Due to state general fund-reversion	431,572
Current portion of compensated absences	26,827
<i>Total current liabilities</i>	<u>934,417</u>
<i>Total Liabilities</i>	<u>934,417</u>
<i>Net position:</i>	
Investment in Capital Assets, net	-
Restricted for guardianship program	1,663,969
Unrestricted	(26,827)
	<u>\$ 1,637,142</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Planning & administration	\$ 1,228,158	-	470,159	-	(757,999)
Office of guardianship	4,079,233	592,144	-	-	(3,487,089)
<i>Total primary government</i>	<u>\$ 5,307,391</u>	<u>592,144</u>	<u>470,159</u>	<u>-</u>	<u>(4,245,088)</u>

General Revenues and Transfers

State general fund appropriation	5,197,600
Miscellaneous revenue	89,631
2015 Reversion to state general fund	(126,564)
<i>Total general revenues and transfers</i>	<u>5,160,667</u>
Change in net position	915,579
Beginning net position	<u>721,563</u>
Ending net position	<u>\$ 1,637,142</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	General Fund
ASSETS	
<i>Current:</i>	
Investment on deposit with the state treasurer	\$ 2,232,232
Due from other state agencies	154,904
Grants receivable	<u>184,423</u>
<i>Total current assets</i>	<u>\$ 2,571,559</u>
LIABILITIES AND FUND BALANCE	
<i>Current liabilities:</i>	
Accounts payable	\$ 465,506
Accrued payroll liabilities	10,512
Due to state general fund-reversion	<u>431,572</u>
<i>Total current liabilities</i>	<u>907,590</u>
<i>Fund Balance:</i>	
Restricted for Office of the Guardianship program	<u>1,663,969</u>
<i>Total fund balance</i>	<u>1,663,969</u>
<i>Total liabilities and fund balance</i>	<u>\$ 2,571,559</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 1,663,969
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital Assets	67,665
Accumulated depreciation	<u>(67,665)</u>
Total capital assets	<u>-</u>

Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:

Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds:

Compensated absences	<u>(26,827)</u>
Total net position	<u>\$ 1,637,142</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	General Fund
<i>Revenues:</i>	
Federal grants	\$ 470,159
Intra state federal-Medicaid	592,144
Miscellaneous	89,631
<i>Total revenues</i>	<u>1,151,934</u>
 <i>Expenditures:</i>	
Planning and administration	1,226,172
Office of guardianship	4,079,233
<i>Total expenditures</i>	<u>5,305,405</u>
 <i>Deficiency of revenues over expenditures</i>	<u>(4,153,471)</u>
 <i>Other financing sources (uses):</i>	
<i>Operating transfers in</i>	
State appropriation - regular	5,197,600
2015 Reversion to the state general fund	(126,564)
<i>Total other financing sources (uses)</i>	<u>5,071,036</u>
 <i>Net change in fund balance</i>	917,565
 <i>Fund balance - beginning of year</i>	<u>746,404</u>
 <i>Fund balance - end of year</i>	<u>\$ 1,663,969</u>

See Notes to Financial Statements

**STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015**

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

Net change in fund balances - total governmental funds	\$ 917,565
Expenses recognized in the statement of activities. Not reported in governmental funds	
Decrease in accrued compensated absences	<u>(1,986)</u>
Change in net position	<u><u>\$ 915,579</u></u>

See Notes to Financial Statements

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
General fund appropriation	\$ 5,211,900	5,197,600	5,197,600	-
Federal grants	479,400	479,400	470,159	(9,241)
Intra state federal-Medicaid	625,000	625,000	592,144	(32,856)
Miscellaneous revenue	-	10,200	89,631	79,431
<i>Total revenues</i>	<u>6,316,300</u>	<u>6,312,200</u>	<u>6,349,534</u>	<u>37,334</u>
<i>Expenditures:</i>				
Current				
Personal services & employee benefits	\$ 964,600	1,011,600	915,636	95,964
Contractual services	4,874,400	4,818,200	3,922,762	895,438
Contractual services- supplemental appropriation	88,300	108,100	97,896	10,204
Other costs	389,000	374,300	348,448	25,852
<i>Total expenditures</i>	<u>\$ 6,316,300</u>	<u>6,312,200</u>	<u>5,284,742</u>	<u>1,027,458</u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 1. NATURE OF ORGANIZATION

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:

- Act as a planning and coordinating body for persons with developmental disabilities;
- Provide statewide systems advocacy for populations with developmental disabilities;
- 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;
- Monitor and evaluate the implementation of the state developmental disabilities plan;
- To the maximum extent feasible, review and comment on all state plans which relate to programs affecting persons with developmental disabilities;
- 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;
- Advise the Governor and the Legislature about the needs of the developmentally disabled; and
- 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:

- Award grants and enter into contracts to carry out duties; and
- Seek funding from sources other than the State.

The thirty members of the Council are appointed by the Governor of the State 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 is primarily accountable for fiscal matters.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Developmental Disabilities Planning Council (the "Council") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. A summary of the Council's more significant accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Council, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, 39, and 61.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

The Council is a department of the primary government, the State of New Mexico. These financial statements present the financial position and results of operations of only those Statewide Human Resources Accounting and Management Reporting System (SHARE) funds for which the Developmental Disabilities Planning Council has oversight responsibility.

Based upon the application of these criteria, the Council has no component units, and is a component unit of the State of New Mexico.

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

In the government-wide financial statements, the statement of net position, and the statement of activities, report information on all of the non-fiduciary activities of an agency. The Council does not have any fiduciary activities. As the Council is comprised of only one fund, there are no Interfund transactions that need to be eliminated from the statement of net position. The Council does not have any business-type activities; therefore, only governmental activities are shown. Governmental activities are normally supported by taxes and intergovernmental revenues (including appropriations).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, appropriations and other items not properly included among *program revenues* are reported instead as *general revenues*.

The Fund financial statements, the balance sheet and the statements of revenues, expenditures, and changes in fund balances, are presented to report additional and detailed information about the Council. The Council has only one type of fund financial statement, a governmental fund; and is has only one type of governmental fund, the general fund, which is presented as a major fund. The general fund is the Council operating fund. It includes all the financial transactions conducted to fulfill the general government function of assisting those persons with Developmental Disabilities. It accounts for all financial resources of the Council.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide statements are prepared using the “economic resources” measurement focus and the accrual basis of accounting. In exchange transactions, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In non-exchange transactions, revenues and expenses are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange* transactions, as amended.

Program revenues consist of fees charged for services provided to the State of New Mexico Department of Health and Human Services by the Council. Capital assets are reported at historical cost and depreciated over their estimated useful lives. Depreciation expense is reported in the statement of activities. Grant revenue is recorded when all applicable eligibility or reimbursement requirements are met.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

The governmental fund financial statements are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental fund. Only the portion of current compensated absences related to payments due to retired or terminated employees as of June 30, 2015, but not paid until after the end of the fiscal year, is included in the fund financial statements.

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.

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:

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 three programs:

- DDPC Planning and Administration (P727) – reverting
- Office of Guardianship (P737)-non reverting

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity

Investments: Council investments are deposited in the New Mexico State Treasurer’s General Fund Investment Pool (GFIP).

Receivables and Payables between SHARE Accounts: Any amounts “due to/from other state agencies” shown in the general fund reflect outstanding balances of receivables and payable between the Council and other departments of the State of New Mexico. Amounts shown as “Due to the State General Fund” generally reflect reversions for unexpended unencumbered appropriations that must be paid to the State General Fund.

Capital Assets: Capital assets of the Council include furniture and fixtures, information technology equipment (computers and peripherals, all equipment related to electronic communications), and vehicles. 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 law, items in the capital assets inventory that do not meet the new capitalization threshold continue to be depreciated 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. The Council does not undertake major capital projects involving interest costs during the construction phase. There is no debt related to the Council’s capital assets.

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

Equipment, furniture and Fixtures	5-10 years
Vehicles	5 years

Reversions: The portion of the Guardianship program appropriations and supplemental appropriations are non-reverting. All other appropriations including special and supplemental are reverting as of June 30, 2015 and revert to the State General Fund by September 30, 2015, in accordance with Section 6-5-10, NMSA 1978. The reversion amount for the current fiscal year is show as an “Other Financing Use” in the Statement of Revenues, Expenditures, and Changes in Fund Balance, and as a reduction of the State General Fund appropriation in the Statement of Activities.

Deferred Outflow/Inflows of Resources: In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Council did not have any items that qualified for reporting in this category as of June 30, 2015.

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

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

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

Net Position or Fund Equity: In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

Net Investment in Capital Assets: Consists of capital assets net of accumulated depreciation and reduced by any outstanding debt. The Council has no outstanding debt relating to capital assets.

Restricted Net Position: Consists of 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.

Unrestricted Net Position: 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.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Position or Equity (Continued)

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 of 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 an 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.

E. 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 Committees. 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.

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Procedures and Budgetary Accounting (Continued)

4. According to subsection M of Section 3 of the General Appropriation Act of 2012 “for the purpose of administering the General Appropriation Act of 2012, the State of New Mexico shall follow the modified accrual basis of accounting for governmental funds in accordance with the manual of model accounting practices issued by the department of finance and administration.” Pursuant to Section 2.2.2.12(A)(3) NMAC, the only exception would be an amount payable at June 30, 2015, that did not get paid by the statutory deadline after the end of the fiscal year. The cash to pay such a payable is reverted to the State General Fund on September 30, 2015, creating a negative fund balance. Such payables must be paid out of the following year’s budget after a request to pay prior year bills out of the current year budget has been approved by the DFA.
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 and the LFC.
6. The legal level of budgetary control is at the appropriation program level (P-Code level). Subsection C of Section 9 of the General Appropriations Act of 2012, allows all agencies to request category transfers among personnel services and employees benefits, contractual services and other. Budget Adjustment Requests (BARs) are approved by the DFA Budget Division.
7. Formal budgetary integration is employed as a management control device during the fiscal year for the General Fund.
8. Single-year appropriations lapse at the end of the fiscal year. Accounts payable amounts related to good and services received by June 30th that were paid within the 31 day statutory period are accrued as accounts payable in the budget basis expenditures. Accounts payable that were not paid within the 31 day statutory time period that require a request for approval to pay prior year bills with current year funds, are paid out of the next year’s budget. 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, 2015 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.

In accordance with the requirements of Section 2.2.2.10.A(2)(b) NMAC, *Requirements for Contracting and Conducting Audits of Agencies*, and the allowance made by GASB Statement No. 34 footnote 53, the budgetary comparison statement has been included as part of the basic financial statements.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Compensated Absences

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 follows:

<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.

G. 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.

H. 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.

I. 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, 2015**

NOTE 3. INVESTMENT DEPOSITED WITH THE STATE TREASURER

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

Investments in the State Treasurer General Fund Investment Pool (SGFIP) and bank account balances are reported at carrying amount which reasonably estimates fair value. Interest in State General Fund Investment Pool at June 30, 2015 was \$2,232,232.

Interest Rate Risk for Investments

The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

Credit Risk for Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The General Fund Investment Pool is not rated for credit risk.

Custodial Credit Risk-Deposit

The Office of the State Treasurer (STO) monitors the collateral for deposits it holds, which would include the investment accounts of the Council. Therefore, collateralization of the Council's accounts is the responsibility of the STO. The STO has its own separate annual independent audit in which the collateral pledged to secure these deposits is disclosed. By law, the Council is not permitted to have any investments other than what is held at the State Treasurer's Office and the Council did not have any other investments during the year ended June 30, 2015. There is no custodial risk at the Council's level since the Council's investments are under the contract of the Office of the State Treasurer.

For further information regarding the GFIP, please see the State Treasurer's annual audit report and specifically refer to the GASB 40 disclosure of the investments. That report may be obtained by writing to the New Mexico State Treasurer's Office, P.O. Box 608, Santa Fe, NM 87504-0708.

State General Fund Investment Pool

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

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3. INVESTMENT DEPOSITED WITH THE STATE TREASURER (CONTINUED)

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

1. The difference between statewide agency claims against the SGFIP and fiduciary resources held at STO to fulfil those claims has remained within a relatively narrow range over the periods in which the reconciliation process has been used;
2. Agency claims on the SGFIP will be honored in their entirety. Any adjustment necessary to the claims balance will be applied against the General Operating Reserve. No portion of the adjustment shall be allocated to any specific agency that participates in the SGFIP.

As part of the Council's cash controls, all incoming funds and outgoing disbursements are tracked to ensure transactions are properly entered into SHARE and posted to the general ledger. Additionally at year end, the Council performs a cash analysis on all funds to ensure the activity affecting the cash accounts properly reflect the ending balances at year-end. The Council also does not issue third party disbursements that may materially affect the Office's financial statements.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 4. 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 amount of \$184,423 has been accrued as a receivable at June 30, 2015 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.

NOTE 5. CAPITAL ASSETS

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

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Equipment	\$ 17,737	\$ -	\$ -	\$ 17,737
Vehicle	49,928	-	-	49,928
Accumulated depreciation	<u>(67,665)</u>	<u>-</u>	<u>-</u>	<u>(67,665)</u>
Total capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the year ended June 30, 2015 was \$0.

NOTE 6. ACCOUNTS PAYABLE

Accounts payable represent expenditures for goods and services received prior to June 30, 2015 and paid after June 30, 2015.

NOTE 7. ACCRUED LIABILITIES - SALARIES AND EMPLOYEE BENEFITS PAYABLE

A portion of payroll expenditures pertaining to the year ended June 30, 2015 was accrued. Disbursement occurred subsequent to June 30, 2015. Accrued payroll and benefits payable totaling \$10,512 have been reflected in the balance sheet.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8. DUE TO THE STATE GENERAL FUND

Due to the State General Fund consists of the following:

Fiscal year 2015	\$	126,562
Fiscal year 2014		204,652
Fiscal year 2013		71,090
Fiscal year 2012		10,372
Fiscal year 2011		<u>18,896</u>
Total	\$	<u><u>431,572</u></u>

NOTE 9. COMPENSATED ABSENCES PAYABLE

A summary of changes in Compensated Absences Payable follows:

	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015	Due Within One Year
Compensated Absences	<u>\$ 24,841</u>	<u>28,700</u>	<u>26,714</u>	<u>26,827</u>	<u>26,827</u>

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

NOTE 10. FUND BALANCE

The New Mexico State Legislature, House Bill 2, 3, 4, 5, and 6 under special appropriations allowed that any unexpended balance in the Office of the Guardianship program remaining at the end of fiscal year 2015 from appropriations made from the general fund and internal service fund/interagency transfers shall not revert. As of June 30, 2015 the guardianship program had \$1,663,969 in fund balance.

STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 11. COMMITMENTS – OPERATING LEASES

The Council entered into noncancellable operating leases for Council space. Rental expense under all operating lease agreements was approximately \$202,930 for the year ended June 30, 2015. The Council has future commitments under operating leases agreements as follows:

Year ending June 30,	Amount
2016	\$ 196,264
2017	\$ 170,172
2018	\$ 173,794
2019	\$ 177,574
2020	\$ 181,467
2021-2024	\$ 601,374
Total	\$ <u>1,500,645</u>

NOTE 12. BUDGETARY/GAAP FINANCIAL STATEMENT RECONCILIATION

The Council generally reports budgetary information on the modified accrual basis of accounting. 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	\$ <u>6,349,534</u>
Revenues - GAAP basis statement	\$ <u>6,349,534</u>
Expenditures - budgetary statement	\$ 5,284,742
Accounts payable approved by DFA to be paid in 2015 and charged to the 2014 budget	<u>20,663</u>
Expenditures - GAAP basis statement	\$ <u>5,305,405</u>

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 13. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Pension Plan – Public Employees Retirement Association

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions, NMDDPC has implemented the standard for the fiscal year ending June 30, 2015. NMDDPC, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, Total Pension Liability exceeds Plan Net Position resulting in a Net Pension Liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the CAFR and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

Funding Policy. Plan members earning less than \$20,000 are required to contribute 7.42% and members earning greater than \$20,000 are required to contribute 8.92% (ranges from 6.28% to 18.15% depending upon the plan – i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The Council is required to contribute 16.99% (ranges from 7.4% to 25.% depending upon the plan) 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. NMDDPC's contributions to PERA for the fiscal years ending June 30, 2015, 2014 and 2013 were \$100,775, \$89,985, and \$97,480, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 14. DEFERRED COMPENSATION

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, and 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.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 15. 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.

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

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

**NOTE 15. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN
(CONTINUED)**

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-5C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Council's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$11,867, \$10,245, and \$12,928, respectively, which equal the required contributions for each year.

NOTE 16. RISK MANAGEMENT AND LITIGATION

The Developmental Disabilities Planning Council is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Section 15-7-2 NMSA 1978 requires the General Services Department, Risk Management Division (RMD) to be responsible for the acquisition and administration of all insurance purchased by the state. Since 1977, various state statutes have been passed which allow RMD to insure, self-insure or use a combination of both. Any claims are processed through RMD. Coverage is provided for General Liability, Surety Bond, Property and Workers Compensation. There are no pending or known threatened legal proceedings involving material matters to which the Council is a party.

NOTE 17. DUE TO/DUE FROM

	Purpose	Due From	Due To
Due from other state agencies	Medicaid reimbursement due from Department of Human Services SHARE Fund #97600	\$ 154,904	
Due to State General Fund	Reversion - Department of Finance and Administration SHARE Fund #85300		\$ 431,572

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 18. DEFICIT NET POSITION

GASB #34 requires capitalized assets, net of accumulated depreciation and the inclusion of long term debt to be discretely presented in the statement of net position which has resulted in an unrestricted net position deficit of \$26,827. This deficit is created by compensated absences liabilities which will be paid from subsequent years State General Fund Appropriations.

NOTE 19. SUPPLEMENTAL APPROPRIATION

The Council received no supplemental appropriations in fiscal year 2015.

NOTE 20. RECENT ACCOUNTING PRONOUNCEMENTS

In August 2012, the GASB issued Statement No.68, Accounting and Financial Reporting for Pensions — an amendment of GASB Statement 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The Agency provides substantially all of its employees with pension benefits through the state’s multiple employer cost-sharing defined-benefit retirement plan administered by the Public Employees Retirement Association of New Mexico (PERA). GASB Statement 68 requires cost-sharing employers participating in the PERA program, such as the District, to record their proportionate share, as defined in GASB Statement 68, of District’s unfunded pension liability. The Agency has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. GASB Statement 68 is effective for periods beginning after June 15, 2014. The District adopted GASB Statement No.68 during fiscal year 2015. The requirement of GASB Statement 68 to record a portion of PERA’s unfunded liability has negatively impacted the Agency’s unrestricted net position. Information regarding PERA’s current funding status can be found in their financial report.

In November 2013, the GASB issued statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Statement No. 68 requires a state or local government employer to recognize a net pension liability measured as of the measurement date, no earlier than the end of its prior fiscal year. If a state or local government employer makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government’s reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. If it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 20. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Accordingly, Statement No. 71 amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Agency adopted GASB Statement No.71 during fiscal year 2015.

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The Agency adopted GASB Statement No. 76 during fiscal year 2015, with no significant impact to the Agency's financial statements.

NOTE 21. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2015.

GASB Statement No. 72, Fair Value Measurement and Application

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

The Agency will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The District believes that the above listed new GASB pronouncements will not have a significant financial impact to the Agency or in issuing its financial statements.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
PLANNING AND ADMINISTRATION
STATEMENT OF REVENUES AND EXPENDITURES GENERAL FUND
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
General fund appropriation	\$ 765,200	763,100	763,100	-
Federal grants	479,400	479,400	470,159	(9,241)
Intra-state federal	75,000	75,000	80,401	5,401
Miscellaneous	-	7,700	39,075	31,375
<i>Total revenues</i>	<u>\$ 1,319,600</u>	<u>1,325,200</u>	<u>1,352,735</u>	<u>27,535</u>
<i>Expenditures:</i>				
Current				
Personal services & employee benefits	\$ 600,900	601,400	538,260	63,140
Contractual services	329,700	349,500	318,801	30,699
Other costs	389,000	374,300	348,448	25,852
<i>Total expenditures</i>	<u>\$ 1,319,600</u>	<u>1,325,200</u>	<u>1,205,509</u>	<u>119,691</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 OFFICE OF GUARDIANSHIP
 STATEMENT OF REVENUES AND EXPENDITURES GENERAL FUND
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL BY PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
General Fund Appropriation	\$ 4,446,700	4,434,500	4,434,500	-
Intra-state federal grants	550,000	550,000	511,743	(38,257)
Miscellaneous	-	2,500	50,557	48,057
<i>Total revenues</i>	<u>\$ 4,996,700</u>	<u>4,987,000</u>	<u>4,996,800</u>	<u>9,800</u>
<i>Expenditures:</i>				
Current				
Personal services & employee benefits	\$ 363,700	410,200	377,376	32,824
Contractual services	4,544,700	4,468,700	3,603,961	864,739
Contractual services - supplemental appropriation	88,300	108,100	97,896	10,204
<i>Total expenditures</i>	<u>\$ 4,996,700</u>	<u>4,987,000</u>	<u>4,079,233</u>	<u>907,767</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 SCHEDULE OF TRANSFERS
 YEAR ENDED JUNE 30, 2015

SHARE FUND		TITLE	TRANSFER	
			IN	OUT
(1)	85300	Department of Finance and Administration	\$ 5,197,600	\$ -
			<u>\$ 5,197,600</u>	<u>\$ -</u>

(1) General Fund Appropriation-Laws of 2014, Chapter 63, Section 131

All of the above transfers were made to the Council's general fund SHARE Fund #07900

See Notes to Financial Statements

STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
JOINT POWERS AGREEMENTS AND MEMORANDA OF UNDERSTANDING
YEAR ENDED JUNE 30, 2015

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

	ENTITY	DESCRIPTION	Beginning Date	Ending Date	Total Project	DDPC Contribution	Participant Contribution
1	University of New Mexico 15-647-P727-17274	Increase access by Individuals with Intellectual/Developmental Disabilities (I/DD) in higher education opportunities	9/19/2015	6/30/2015	\$ 15,000	\$ 15,000	\$ -
2	University of New Mexico 15-647-P727-17270	Maintain the statewide Information Network and Babynet (INB)	7/25/2015	6/30/2015	160,000	160,000	-
3	University of New Mexico 15-647-P727-17266	Provide financial support to the Partners in Policy Making Program	7/25/2015	6/30/2015	50,000	50,000	-
4	University of New Mexico 15-647-P727-17267	Stipends - to attend a conference for individuals with developmental disabilities, parents/immediate family, and legal guardians and related materials	7/25/2015	3/31/2015	10,000	10,000	-
5	University of New Mexico 15-647-P727-17276	To initialize effort to create changes in increased access by individuals w/developmental disabilities	7/1/2015	6/30/2015	2,500	2,500	-

See Notes to Financial Statements

STATE OF NEW MEXICO
 DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
 SCHEDULE OF VENDORS
 (EXCLUDING GRT)
 FOR THE YEAR ENDED JUNE 30, 2015

<i>RFB#/RFP #</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

COMPLIANCE SECTION

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Timothy Keller
New Mexico State Auditor
The Council of New Mexico Developmental Disabilities Planning Council
Albuquerque, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the budgetary comparison of the general fund of the New Mexico Developmental Disabilities Planning Council (the “Council”), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Council’s basic financial statements and have issued our report thereon dated November 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Council’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2010-002 and 2013-011 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* as item 2015-001 in the statement of findings and responses.

New Mexico Developmental Disabilities Planning Council's Response to Findings

The Council's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
November 30, 2015

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

B. FINANCIAL STATEMENT FINDINGS

2010-002 Timely Reconciliation of Financial Records (Significant Deficiency) - Repeated

CONDITION: Some of the financial accounts of the Council such as the federal accounts receivable, and due from other governments as of June 30, 2015 were not reconciled.

Council management has made progress toward the resolution of the reconciliation process but was unable to rectify the condition completely in the current year. Significant progress was made during the current year as all accounts except for the receivables were reconciled during Fiscal Year 2015.

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; material journal entries were required to reconcile the balances.

CAUSE: The Council did not fully implement its intended processes to be able to correct prior year issues.

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 CFO will review the Trial Balance monthly to ensure revenue/receivables are reconciled. If any discrepancies are identified the CFO will contact DFA to correct entries.

Effective December 1, 2015, the CFO will implement reconciliation procedures that will be designed to identify and correct any potential misstatements in the monthly SHARE reports.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-011 Cash Disbursement Testing (Significant Deficiency)

CONDITION: During our cash disbursement testing it was noted that in 1 out of 40 items tested, the warrant in the amount of \$199.97 had a purchase order dated after the vendor invoice. In 2 out of 40 instances the invoice in the amount of \$325, and \$515.29, supporting documentation was missing.

The Council did not make significant progress during Fiscal Year 2015.

CRITERIA: Per New Mexico State Statute it is required that all expended funds be appropriately approved and supported and follow the procurement process.

EFFECT: The Council is not in compliance with the State Procurement standards and also out of compliance with their own purchasing requirements and controls.

CAUSE: The entity did not follow their control processes and procedures to ensure they were in compliance with State procurement standards and their own requirements.

RECOMMENDATION: It is recommended that the Council follow state procurement standards along with their own policies and procedures.

COUNCIL'S RESPONSE: The CFO will implement procedures whereby voucher packets must include a batch report, invoice, and a payments tab and a copy of the packet must be included in the contractor binder or in the admin voucher binder. Effective December 1, 2015 the CFO will monitor all binders on a monthly basis to ensure packets contain the required information.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

C. FINDINGS IN ACCORDANCE WITH 2.2.2 NMAC

2015-001 Reversion to State General Fund (Other Matter)

CONDITION: The Council did not timely revert the amount due of \$126,564 undesignated reverting funds as of June 30, 2015 to the New Mexico State General Fund.

CRITERIA: NMSA 1978 Section 6-5-10 (A) requires that all unreserved undesignated fund balances in reverting funds as reflected in the central financial reporting and accounting system as of June 30, revert to the general fund by September 30 of that calendar year.

EFFECT: By not timely reverting funds, reconciliation of the State General Fund records can be delayed as well as potential delay of the State CAFR reconciliations.

CAUSE: Untimely reconciliation of Council records during the year caused the Council to miss the statutory submission deadline for reversions.

RECOMMENDATION: We recommend that the Council management refine the accounting processes such that timely submission can be achieved.

COUNCIL'S RESPONSE: The CFO will complete future reversions by statutory date of 9/30 and submit to DFA on time.

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2015**

STATUS OF PRIOR YEAR FINDINGS

2010-002	Timely Reconciliation of Financial Records	Revised/Repeated
2013-003	Procurement Code	Resolved
2013-005	Timely Filing of Data Collection Form	Resolved
2013-006	Reconciliation to SHARE	Resolved
2013-011	Cash Disbursement Testing	Revised/Repeated

**STATE OF NEW MEXICO
DEVELOPMENTAL DISABILITIES PLANNING COUNCIL
EXIT CONFERENCE
JUNE 30, 2015**

The contents of this report were discussed at an exit conference on November 30, 2015. Those attending were as follows:

Representing NMDDPC:

Sandy Skaar	Council President
John Block III	Executive Director
Kathleen Coates	Chief Financial Officer
Barbara Ibañez	Deputy Director

Representing Axiom CPAs:

Chris Garner, CPA	Audit Partner
Mark Santiago, CPA	Audit Manager

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.