



Timothy Keller
State Auditor

State of New Mexico
OFFICE OF THE STATE AUDITOR
Elected for Better Government

Sanjay Bhakta, CPA, CGFM,
CFE
Deputy State Auditor

VIA EMAIL

February 9, 2015

Retta Ward, Cabinet Secretary
C/O Leonard Tapia, CFO
Department of Health
Leonard.tapia@state.nm.us

Dear Secretary Ward,

The Office of the State Auditor reviewed the audit of the Department of Health for Fiscal Year 2014. As part of our review, our team identified select matters and findings that we will refer for additional test work in the Fiscal Year 2015 audit, and which may lead to subsequent actions by our office.

We intend to require additional test work and to require specific details related to the auditor determination of whether the Department has implemented its proposed changes to internal controls to address:

- **Finding 2014-003**, resulting in a qualified opinion on over-allowability and effort reporting related to the federal assistance programs;
- **Finding 2014-001**, regarding accounts receivable; and
- **Finding 2010-0011**, regarding untimely reversions to the State General Fund.

Please do not hesitate to contact our auditor Miranda Mascarenas at Miranda.Mascarenas@osa.state.nm.us or (505) 476-3800 if you have questions about this letter.

Sincerely,

A handwritten signature in black ink that reads "Timothy Keller".

Timothy Keller, State Auditor



Timothy Keller
State Auditor

Sanjay Bhakta, CPA, CGFM, CFE
Deputy State Auditor

State of New Mexico
OFFICE OF THE STATE AUDITOR
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February 9, 2015

SAO Ref. No. 665

Retta Ward, MPH, Cabinet Secretary
Department of Health
Harold Runnels Building
1190 St. Francis Dr., N-3150
Santa Fe, NM 87502-6110

SUBJECT: Audit Report—Department of Health—2013-2014 Fiscal Year—Prepared by CliftonLarsonAllen, LLP

The audit report for your agency was received by the Office of the State Auditor (Office) on December 15, 2014. The State Auditor's review of the audit report required by Section 12-6-14 (B) NMSA 1978 and 2.2.2.13 NMAC has been completed. This letter is your authorization to make the final payment to the independent public accountant (IPA) who contracted to perform your agency's financial and compliance audit. In accordance with the Section 2 of the audit contract, the IPA is required to deliver the specified number of copies of the audit report to the agency.

Pursuant to Section 12-6-5 NMSA 1978, the audit report does not become public record until five days after the date of this release letter, unless your agency has already submitted a written waiver to the Office. Once the five-day period has expired or upon the Office's receipt of a written waiver, the audit report shall be:

- released by the Office to the Legislative Finance Committee, the Department of Finance and Administration, and the State Treasurer
- posted by the Office to our website

The independent public accountant's findings and comments are included in the audit report on pages 120-138. **It is ultimately the responsibility of the governing authority of the agency to take corrective action on all findings and comments. Section 2.2.2.10(J) NMAC requires that an exit conference be held with representatives of the agency's governing authority and top management.**

A handwritten signature in black ink that reads "Timothy Keller".

Timothy Keller
State Auditor

cc: CliftonLarsonAllen, LLP

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH**

**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS**

JUNE 30, 2014

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Department Officials

<u>Title</u>	<u>June 30, 2014</u>	<u>December 11, 2014</u>
Cabinet Secretary	Retta Ward	Retta Ward
Deputy Secretary - Facilities	Brad McGrath (CFO)	Brad McGrath (CFO)
Deputy Secretary - Programs	Lynn Gallagher	Lynn Gallagher
Chief Financial Officer	Leonard Tapia (CFO)	Leonard Tapia (CFO)
General Counsel	Gabrielle Sanchez-Sandoval	Gabrielle Sanchez-Sandoval
Chief Information Officer	Terry Reusser	Terry Reusser
Chief Medical Officer	Stephen Dorman, M.D.	Stephen Dorman, M.D.
State Epidemiologist	Michael Landen, M.D.	Michael Landen, M.D.

Division Directors

<u>Program</u>	<u>June 30, 2014</u>	<u>December 11, 2014</u>
Administrative Services	Leonard Tapia (CFO)	Leonard Tapia (CFO)
Public Health	Vacant	Mark Williams
Epidemiology & Response	Michael Landen, M.D.	Michael Landen, M.D.
Scientific Laboratory	David Mills, Ph.D.	David Mills, Ph.D.
Office of Facilities Management	Vacant	Jeremy Averella
Developmentally Disabilities	Cathy Stevenson	Cathy Stevenson
Supports		
Health Facility Licensing & Certification	Jack Evans	Jack Evans



CliftonLarsonAllen

INDEPENDENT AUDITORS' REPORT

CliftonLarsonAllen LLP
500 Marquette NW, Suite 800
Albuquerque, NM 87102
505-842-8290 | fax 505-842-1568
CLAconnect.com

Retta Ward, Cabinet Secretary
Hector H. Balderas, New Mexico State Auditor
New Mexico Department of Health
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue fund of the New Mexico Department of Health (Department), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Department's nonmajor governmental, fiduciary funds and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standard Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the New Mexico Department of Health as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the Department as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparison for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information and all respective budgetary comparisons of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2014, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Department's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the other schedules as required under 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal award and other schedules as required under 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal award and other schedules as required under 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Governmental Auditing Standards, we have also issued our report dated December 15, 2014 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Department's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

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

Albuquerque, New Mexico
December 15, 2014

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2014**

Introduction

The following Management's Discussion and Analysis (MD&A) for the State of New Mexico's Department of Health (the Department) introduces the basic financial statements and provides an analytical overview of the Department's financial condition and results of operations as of and for the 12-month fiscal year ended June 30, 2014 (FY14). Additionally, the MD&A provides a discussion of significant changes in account category balances presented in the entity-wide Statement of Net Position and Statement of Activities. This summary should not be taken as a replacement for the basic financial statements.

The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; GASB Statement No. 37, Basic Financial Statements and Management's Discussion & Analysis for State and Local Governments: Omnibus, an amendment to GASB Statements No. 21 and No. 34; and GASB Statement No. 38, Certain Financial Statement Note Disclosures. The requirements for the Basic Financial Statements were modified by GASB Statement No. 65, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources & Net Position which revised the reporting statements from Statement of Net Assets to a Statement of Net Position.

Overview of the Basic Financial Statements

Although the Department is one of numerous departments and agencies comprising the government of the State of New Mexico, the focus of this financial report is only on the Department and not the State of New Mexico taken as a whole. The financial statements include the following four elements: (1) Management's Discussion and Analysis, (2) the Basic Financial Statements including the Notes, (3) Required Supplementary Information and (4) Other Supplementary Information. The basic financial statements include two kinds of statements that present different views of the Department:

The government-wide financial statements are entity-wide financial statements that report information about the Department's overall financial condition and results of operations, both long-term and short-term, using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Department's assets, liabilities, and the net position. All revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or disbursed because the State of New Mexico operates under the modified accrual basis of accounting.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2014**

The fund financial statements consist of:

- The governmental fund statements, including the Balance Sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balances, which focus on individual parts of the Department, reporting the Department's financial condition and results of operations in more detail than in the entity-wide statements, and tell how general government services were financed in the short term as well as what remains for future spending. Emphasis is on the general and major funds. Other governmental funds are summarized in a single column.
- The Statement of Revenue and Expenditures - Budget and Actual Modified Accrual (GAAP Budgetary Basis) reports the original approved budget, final approved budget, and actual results presented on the modified accrual budgetary basis of reporting for the Department's General fund, ARRA fund and all non-major funds. A separate column is presented to report any variances between the final budget and actual amounts.
- The Statement of Fiduciary Net Assets provides information about the financial relationships in which the Department acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Additional details about the basic financial statements are found in the Notes to the Financial Statements, Required Supplementary Information, and the Other Supplementary Information sections.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2014**

Financial Analysis of the Department as a Whole

The following condensed financial information was derived from the entity-wide financial statements and compares the current year to the prior year:

**Table 1
The Department's Net Position
(Expressed in Thousands)**

	<u>Governmental Activities</u>		<u>Amount Change</u>	<u>Percent Change</u>
	<u>FY 2014</u>	<u>FY2013</u>		
Assets:				
Cash, restricted and non-restricted	\$ 27,787	\$ 68,926	\$ (41,139)	-60%
Other current assets	36,964	40,207	(3,243)	-8%
Non-current assets	63,173	64,678	(1,505)	-2%
Total Assets	\$ 127,924	\$ 173,811	\$ (45,887)	-26%
Liabilities:				
Current Liabilities	\$ 64,067	\$ 109,102	\$ (45,035)	-41%
Long-term Liabilities	54,536	55,611	(1,075)	-2%
Total Liabilities	118,603	164,713	(46,110)	-28%
Deferred Inflows of Resources:				
Accumulated Increase of WIC Rebate for July 2015	973	-	973	100%
Total Deferred Inflows of Resources	973	-	973	100%
Net Position:				
Investment in Capital Assets	7,628	7,963	(335)	-4%
Restricted	4,338	3,741	597	16%
Unrestricted (deficit)	(3,618)	(2,606)	(1,012)	39%
Total Net Position	\$ 8,348	\$ 9,098	\$ (750)	-8%

Significant factors impacting the Department's financial position and results of operations during the year ended June 30, 2014 are as follows:

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2014**

Assets

Total assets decreased by approximately \$46 million, or 26%. This decrease resulted from several factors:

- An decrease in Current Assets of approximately \$44 million, due primarily to:
 - A decreased balance in Investments in the State General Fund Investment Pool and cash accounts of approximately \$41 million was due to an increase of approximately \$24 million of expenditures, an increase of \$3.8 million in accounts payable and a decrease of \$2.6 million due from other state agencies. More information on significant expenditures can be found in the FY14 Operating Budget section.
 - Other current assets decreased by \$3.2 million or 8% of which is comprised mostly of a decrease of \$3.7 million due from the federal government and a decrease of \$2.6 million due from other state agencies. This was offset with an increase of approximately \$3.1 million in Net Accounts Receivable, resulted from increased collection activities and more timely collections.
 - A decrease in Non-Current Assets of approximately \$1.5 million occurred primarily from a decrease in accumulated depreciation of \$2.7 million dollars which was offset by an increase of capital assets of \$1.2 million.

Liabilities and Net Position

Total liabilities decreased by approximately \$46 million, or 28%:

- Current Liabilities decreased by approximately \$45 million or 41%. This net decrease was primarily :
 - A decrease of \$25.6 million in the amount due to the state general fund primarily from a decrease in the reversion expenditure.
 - A decrease of \$24.5 million in the amount due to the other state agencies. A decrease of unearned revenue for \$2.8 million primarily related to County Supported Medicaid receipts that are reported as revenue in 2014.
 - These decreases were offset mainly by an increase in accounts payable of \$3.8 million and \$2.8 million in the amount due to local governments.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2014**

- Long-Term Liabilities decreased by approximately \$1.1 million, due primarily to a reduction in the Department's capital lease payable outstanding amount of \$1.2 million. Along with \$140 thousand increase in the long-term compensated absences payable.
- Deferred inflows of resources increased by approximately \$973 thousand due to the implementation of GASB Statement No. 65. This amount is for a WIC rebate.
- Total Net Position decreased by approximately \$750 thousand or approximately an 8% decrease.

Changes in Net Activities

The table below summarizes the change in the Department's net activities between the fiscal years ending June 30, 2014 and 2013.

**Table 2
Changes in the Department's Net Activities
(Expressed in Thousands)**

	Governmental Activities		Amount Change	Percent Change
	2014	2013		
Revenue:				
Program Revenue				
Charges for Services	\$ 105,935	\$ 109,614	\$ (3,679)	-3%
Operating Grants & Contributions	139,673	141,967	(2,294)	-2%
Total Program Revenue	245,608	251,581	(5,973)	-2%
General Revenue				
Transfers, net	(91,750)	(86,916)	(4,834)	6%
Bond proceeds/appropriations	312,335	303,502	8,833	3%
Investment income	5,486	2,503	2,983	119%
Loss on capital asset disposal	-	(17)	17	-100%
Reversion	(2,200)	(24,170)	21,970	-91%
Total General Revenue	223,871	194,902	28,969	15%
Total Revenue	469,479	446,483	22,996	5%
Expenses:				
Total Governmental	470,228	446,006	24,222	5%
Changes in net position	(749)	477	(1,226)	-257%
Beginning net position	9,097	8,620	477	6%
Ending net position	\$ 8,348	\$ 9,097	\$ (749)	-8%

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2014**

As indicated in Table 2, the Department's ending net assets decreased approximately \$477 thousand over FY 2013 or approximately 8%. The Department experienced an increase in total revenue of approximately \$23 million, or 5 %. Program revenue declined by approximately \$6 million, or 2% compared to 2013, due primarily to a decrease in revenue in charges for service in the Facilities management by \$4.2 million and in the grant revenue in the Epidemiology and Response Division of \$2.8 million. This was partially offset by a slight increase in charges for Laboratory services and in Developmental disabilities support services.

Operating grants decreased primarily due to reduced funding under the American Recovery and Reinvestment Act (ARRA) which declined from \$1.8 million in FY 2013 to \$118 thousand in FY 2014. This fiscal year the ARRA fund balance was zeroed out and the Department will have no further related revenue and expenditures.

General revenue not including reversions increased approximately \$7 million or 3%. However, net transfers increased by approximately \$4.8 million or 5%, due primarily to an increase in transfers out, and was offset by a \$7.9 million increase in General Fund and other appropriations to the Department. The General Fund appropriation increase resulted from a substantial increase in the federal match requirement under the Developmentally Disabled Medicaid Waiver Program as a result of the expiration of the enhanced Federal Medical Assistance Percentage (FMAP) under the American Recovery and Reinvestment Act, which led to a decrease in the FMAP percentage. Investment earnings saw an increase of \$2.9 million from FY 2013.

Total expenses increased by approximately \$24 million, or 5%, due primarily to an increase in spending for other health initiatives and operations in the Public Health Division, DOH Facilities and in Developmental disabilities support services.

The reduction of revenue over expenses in FY14 resulted in a decrease in net position of \$749 thousand. Combined with the beginning net position of \$9 million, the Department ended the fiscal year with an ending net position totaling \$8.3 million.

FY14 Operating Budget

The Department's initial operating budget for Fiscal Year 2014 totaled \$545.2 million, including \$302.3 million in General Fund, in accordance with Laws 2014, Chapter 63, the General Appropriation Act.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2014**

Budget adjustment increases totaling approximately \$8.5 million during the fiscal year from various funding sources, as well as various category transfers, were processed during the fiscal year which resulted in a final operating budget amount for the Department of \$553.7 million.

Significant adjustments to the FY14 appropriated operating budget included:

- A transfer of \$2,951,050 from the personal services and employee benefits category to the contractual services and other categories to enable the Facilities Management Program to execute contracts needed for patient care, including medical service contracts for physicians, nurses, psychologists, psychiatrists, and other medical care staff;
- A transfer of \$2,906,000 from the personal services and employee benefits category to the contractual services and other categories to enable the Facilities Management Program to execute contracts needed for patient care, including medical service contracts for physicians, nurses, psychologists, psychiatrists, and other medical care staff;
- A transfer of \$2,623,500 within various program areas was processed to cover Union Lawsuit Settlement expenses for eligible union employees who were employed with the state as of July 31, 2008. Contractual Services and Other categories budget authority was transferred to personal services and employee benefits categories to provide adequate funding for all affected program areas; a transfer of \$2,373,960 from Public Health Division personal services and employee benefits category to Developmental Disabilities Support Division contractual services and other categories to cover a projected General Fund shortfall in the Family Infant Toddler Program;
- A personal services and employee benefits program transfer of \$1,884,700 from various program areas within the Department was processed to cover Union Lawsuit Settlement expenses for eligible union employees who were employed with the state as of July 31, 2008;
- A transfer of \$1,800,000 from the personal services and employee benefits category to the contractual services and other categories to enable the Facilities Management Program to execute contracts needed for patient care, including medical service contracts for physicians, nurses, psychologists, psychiatrists, and other medical care staff;
- An increase of \$1,572,652 in Inter Agency Transfers for Epidemiology and Response and Developmental Disabilities Support program areas to support the Race To the Top Early Learning Challenge through an initial grant of award from The US Department of Education to the New Mexico Department of Education;

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2014**

- An increase of \$1,461,979 in Federal Funds to support the enhancement of the Public Health Immunization Program billing and revenue collection capability, implementation of Billing and Electronic Health Records (BEHR) and New Mexico Statewide Immunization Information System (NMSIIS) interface, implementation of a vaccine provider management system and improvement in adolescent immunization rates;
- An increase of \$1,212,100 in Other State Funds for the Public Health Woman, Infants and Children (WIC) Program allows the program to fully utilize the revenue for actual and anticipated food expenditures incurred as a result of providing supplemental food to WIC clients;
- An increase of \$1,093,400 in Other State Funds for the Public Health Infectious Disease Bureau Immunization Program allows the program to fully utilize the revenue to purchase pediatric vaccines. Sufficient vaccine supply directly impacts the ability to provide required vaccinations and increase overall immunization rates;
- An increase of \$936,600 in Federal Funds for contracts and provider agreements to serve infants and toddlers who have or who are at risk for developmental delay;
- An increase of \$710,347 in Federal Funds for the Public Health Infectious Disease Bureau Immunization Program to support the Implementation of the VTrckS ExIS Interface Project. This is the development of an interface between the New Mexico Statewide Immunization Information System (NMSIIS) to VTrckS;
- A transfer of \$500,000 from the personal services and employee benefits category to the contractual services and other categories to secure federal certified and trained contract surveyors to complete the Centers for Medicare and Medicaid (CMS) mandated workload for certification and licensing of health care facilities in the state of New Mexico;
- An increase of \$497,039 in Federal Funds for the Laboratory Services Bioterrorism and Chemical Threat Analytical Response programs in support of public health emergency preparedness in the event of biological or chemical threats;
- A Fund Balance increase of \$411,162 for Emergency Medical Services to sustain existing trauma centers, support the development of new trauma centers and develop a statewide trauma system;

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2014**

- A Fund Balance increase of \$400,000 for Emergency Medical Services to support the program by ensuring the sustainability of Emergency Medical Service operations in New Mexico in addition to providing an emergency medical services infrastructure that assures that all residents of New Mexico will have competent, quality emergency pre-hospital care;
- A transfer of \$400,000 from the other category to personal services and employee benefits category to provide sufficient funding for court ordered positions identified under the Jackson Lawsuit for personnel providing services to persons with developmental disabilities;
- A transfer of \$300,000 from the personal services and employee benefits category to the contractual services and other categories to secure contract surveyors to complete the Centers for Medicare and Medicaid mandated workload for certification and licensing of health care facilities in the state of New Mexico.

Capital Assets and Debt Administration

Total capital assets, net of depreciation, for the Department total \$63 million which makes up 49% percent of the Department's total assets. The Department has no infrastructure assets, but does have a capital lease for the Fort Bayard Medical Center.

Total compensated absences at June 30, 2014 are approximately \$6.8 million. The estimated amount to be paid within one year is \$6.6 million, while \$206,480 could be paid after one year. There was no significant activity to report for compensated absences during the year ended June 30, 2014.

Department of Finance and Administration's Cash Remediation Project

The New Mexico Department of Finance and Administration initiated a project designed to verify cash balances reported by state agencies at the business unit and fund levels. Details regarding the Cash Management Remediation Project can be found at http://www.nmdfa.state.nm.us/Cash_Control.aspx.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Fiscal Year Ended June 30, 2014**

Currently Known Facts, Decisions, and Conditions

The national and state financial situation for the upcoming fiscal years is more cautiously optimistic than in any of the fiscal years since the recession of 2008. Although some recent economic indicators have improved, others continue to send mixed messages without a clear picture of sustained economic growth. In addition, the growing federal debt, and associated federal budget deficits, along with automatically scheduled federal budget reductions under sequestration provisions or other potential federal appropriation decreases, lead prudent analysts to plan for and possibly anticipate potentially significant reductions in federal funds for the Department in future federal fiscal years.

The Department is currently in working on achieving accreditation from the Public Health Accreditation (PHA) from the Public Health Accreditation Board (PHAB). The procedure for accreditation was started in 2012 by the Department. The Department's compliance with the PHAB accreditation standards requirements will ensure that the New Mexico Department of Health is in compliance with the national standards for meeting the health needs of the people of New Mexico. It is felt that this will ensure a continuous improvement and proactive approach by the Department.

Contacting the Agency's Financial Management

This financial report is designed to provide New Mexico residents, taxpayers, customers, legislators and vendors with a general overview of the Department's finances, and to demonstrate the Department's accountability for the funding it receives. If you have any questions about this report or need additional information, contact:

Leonard Tapia, CFO
Director, Administrative Services Division
New Mexico Department of Health
Harold Runnels Building
1190 St. Francis Drive, Suite N3350
P.O. Box 26110
Santa Fe, NM 87502

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF NET POSITION
As of June 30, 2014

	Governmental Activities
ASSETS:	
Investment in State General Fund Investment Pool	\$ 27,559,722
Cash	227,169
Accounts receivable, net	12,669,859
Due from federal government	12,169,945
Due from other state agencies	7,924,302
Due from other local government	237,670
Due from other funds	-
Inventory	3,062,553
Prepaid expenses and others	899,901
Capital assets:	
Land	59,700
Construction in Progress	873,004
Other, net of depreciation	62,240,511
Total capital assets	63,173,215
 Total assets	 \$ 127,924,336

DEFERRED OUTFLOWS OF RESOURCES

Accumulated decrease in Deferred Inflows -

LIABILITIES

Accounts payable	\$ 29,162,882
Accrued payroll	2,317,460
Cash Overdraft	133,176
Interest payable	-
Due to state general fund	2,353,642
Due to agency funds	420
Due to other state agencies	16,495,456
Due to the federal government	137,608
Due to local government	4,127,334
Unearned Revenue	128,230
Other liabilities	1,379,111
Compensated absences due within one year	6,616,103
Capital lease payable due within one year	1,215,000
Long-term liabilities:	
Compensated absences due in more than one year	206,480
Capital lease payable due in more than one year	54,330,000
Total liabilities	118,602,902

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue WIC Rebate	972,858
Total deferred inflows of resources	972,858

NET POSITION

Net investment in capital assets	7,628,215
Restricted for:	-
Administration	78,230
Public health	3,669,520
Epidemiology and response	590,565
Developmental Disabilities Support Services	-
Adjustment to Fund Balance Prior Year Reversion	-
Unrestricted (deficit)	(3,617,954)
 Total Net Position	 \$ 8,348,576

See Notes to Financial Statements

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Functions/Programs	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
GOVERNMENTAL ACTIVITIES:					
Administration	\$ 14,845,485	\$ 193,815	\$ 4,179,265	\$ -	\$ (10,472,405)
Public health	170,066,984	30,698,097	66,028,039	-	(73,340,848)
Public health in -kind	38,400,470	-	38,400,470	-	-
Epidemiology and response	26,047,589	1,278,811	12,060,152	-	(12,708,626)
Laboratory services	12,661,902	2,695,147	2,238,669	-	(7,728,086)
Facilities management	141,410,931	66,064,473	-	-	(75,346,458)
Developmental disabilities supports services	53,829,161	1,826,950	11,083,707	-	(40,918,504)
Health certification, licensing and oversight	12,303,067	2,407,778	5,682,852	-	(4,212,437)
Other health initiatives	663,153	769,966	-	-	106,813
Interest expense on Debt Service					
Debt Service					
Capital Outlay	-	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 470,228,742	\$ 105,935,037	\$ 139,673,154	\$ -	(224,620,551)
GENERAL REVENUES AND TRANSFERS:					
General revenues:					
State General Fund appropriations					302,295,600
Severance Tax/GOB appropriations					834,130
Tobacco settlement funds					6,851,600
County-supported medicaid					2,353,954
Investment Earnings					5,486,895
Reversion - FY2014 - Transfer out					(2,199,902)
Loss on capital assets disposals					(994)
Reconciling Item					(1)
Inter-agency transfers, net					(91,749,620)
TOTAL GENERAL REVENUES AND TRANSFERS					223,871,662
CHANGE IN NET POSITION					(748,889)
NET POSITION, BEGINNING					9,097,465
NET POSITION, ENDING					\$ 8,348,576

See Notes to Financial Statements

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
BALANCE SHEET - GOVERNMENTAL FUNDS
As of June 30, 2014

	Major Funds		Other Non-major Funds	Total Governmental Funds
	General Fund 06100	ARRA Fund 89000		
ASSETS:				
Investment in State General Fund				
Investment Pool	\$ 23,017,754	\$ 8,220	\$ 4,533,748	\$ 27,559,722
Cash	227,169	-	-	227,169
Accounts receivable, net	12,669,859	-	-	12,669,859
Due from federal government	12,169,945	-	-	12,169,945
Due from other state agencies	7,235,108	-	689,194	7,924,302
Due from other local governments	237,670	-	-	237,670
Due from other funds	5,149,959	7,311	2,643	5,159,913
Inventory	3,062,553	-	-	3,062,553
Prepaid expenses and others	899,901	-	-	899,901
TOTAL ASSETS	\$ 64,669,918	\$ 15,531	\$ 5,225,585	\$ 69,911,034
LIABILITIES:				
Accounts payable	\$ 28,536,624	\$ -	\$ 626,258	\$ 29,162,882
Accrued payroll	2,308,806	-	8,654	2,317,460
Cash Overdraft	-	-	133,176	133,176
Due to State General Fund	2,119,831	46	233,765	2,353,642
Due to other funds	5,144,848	15,485	-	5,160,333
Due to other state agencies	16,495,313	-	143	16,495,456
Due to federal government	137,608	-	-	137,608
Due to local governments	4,113,830	-	13,504	4,127,334
Unearned Revenue	128,230	-	-	128,230
Other liabilities	1,379,111	-	-	1,379,111
TOTAL LIABILITIES	60,364,201	15,531	1,015,500	61,395,232
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue WIC Rebate	972,858	-	-	972,858
Total deferred inflows of resources	972,858	-	-	972,858
FUND BALANCES:				
Nonspendable	3,179,629	-	-	3,179,629
Restricted	128,230	-	4,210,085	4,338,315
Committed	-	-	-	-
Assigned	25,000	-	-	25,000
Unassigned	-	-	-	-
TOTAL FUND BALANCES	3,332,859	-	4,210,085	7,542,944
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 64,669,918	\$ 15,531	\$ 5,225,585	\$ 69,911,034

See Notes to Financial Statements

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of June 30, 2014

Total Fund Balances - Governmental Funds (Governmental Funds Balance Sheet)	\$ 7,542,944
 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.	
The cost of capital assets is:	132,981,967
Accumulated depreciation is:	<u>(69,808,752)</u>
Total capital assets	63,173,215
 Capital lease payable is not due and payable in the current period and, therefore, are not reported in the funds:	 (55,545,000)
 Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds:	 (6,822,583)
 Net position of governmental activities (Statement of Net Position)	 <u><u>\$ 8,348,576</u></u>

See Notes to Financial Statements

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	Major Funds			Total Governmental
	General Fund 06100	ARRA Fund 89000	Other Non-major	
REVENUES:				
Federal grant revenue	\$ 113,271,748	\$ 118,800	\$ -	\$ 113,390,548
In-kind assistance	38,400,470	-	-	38,400,470
Charges for services	80,346,086	-	-	80,346,086
Investment earnings	5,486,895	-	-	5,486,895
Fees, penalties, rentals and other	9,511,827	-	3,959,261	13,471,088
TOTAL REVENUES	247,017,026	118,800	3,959,261	251,095,087
EXPENDITURES:				
Current operating:				
Administration	14,473,641	-	-	14,473,641
Public health	167,401,627	21,154	2,353,954	169,776,735
Public health in-kind assistance	38,400,470	-	-	38,400,470
Epidemiology and response	18,216,331	97,584	7,573,500	25,887,415
Laboratory services	12,030,820	-	-	12,030,820
Facilities management	135,333,769	-	260,790	135,594,559
Development Disabilities Support Services	53,795,285	-	-	53,795,285
Health, Certification, Licensing and Oversight	12,221,407	-	-	12,221,407
Other health initiatives	-	-	661,850	661,850
Capital outlay	2,210,736	-	601,342	2,812,078
Capital lease principal payment	-	-	1,170,000	1,170,000
Capital lease interest payment	-	-	2,879,819	2,879,819
TOTAL EXPENDITURES	454,084,086	118,738	15,501,255	469,704,079
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(207,067,060)	62	(11,541,994)	(218,608,992)
OTHER FINANCING SOURCES (USES):				
General fund appropriation	291,195,000	-	11,100,600	302,295,600
Tobacco Settlement appropriation	6,851,600	-	-	6,851,600
County-supported Medicaid	-	-	2,353,954	2,353,954
Severance Tax/GOB appropriation	-	-	834,130	834,130
Reversion - FY2014 - transfer out	(2,119,607)	-	(80,295)	(2,199,902)
Inter-agency transfers, net	(91,802,544)	-	52,924	(91,749,620)
TOTAL OTHER FINANCING SOURCES	204,124,449	-	14,261,313	218,385,762
NET CHANGE IN FUND BALANCE	(2,942,611)	62	2,719,319	(223,230)
FUND BALANCES, BEGINNING	6,275,470	(62)	1,490,766	7,766,174
FUND BALANCES, ENDING (DEFICIT)	\$ 3,332,859	\$ -	\$ 4,210,085	\$ 7,542,944

See Notes to Financial Statements

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Net Changes in Fund Balances - Total Governmental Funds
(Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ (223,230)

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

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid). The increase in the liabilities for the fiscal year was: (190,578)

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

Capital outlay	2,812,078
Depreciation expense	<u>(4,316,163)</u>

Excess of depreciation expense over capital outlay (1,504,085)
EXCESS (DEFICIENCY) OF REVENUES

The Statement of Activities reports the loss on the sale of equipment, while the Statement of Revenues, Expenditures and Changes in Fund Balance reports the proceeds. The reconciling amount is the difference: (994)

Repayments of capital lease obligations are an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Assets: 1,170,000

Variance due to rounding (2)

Change in net position of governmental activities (Statement of Activities) \$ (748,889)

See Notes to Financial Statements

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES -
GENERAL FUND BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

GENERAL FUND - FUND 06100

	Budgeted Amounts		Actual Amount (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ 107,246,900	\$ 110,852,865	\$ 88,941,446	\$ (21,911,419)
General funds	291,170,000	291,195,000	291,195,000	-
Other state funds *	108,903,500	111,209,000	107,462,672	(3,746,328)
Other financing sources	-	-	-	-
Inter-agency transfers**	23,179,700	25,339,052	22,628,558	(2,710,494)
TOTAL REVENUES	530,500,100	538,595,917	510,227,676	(28,368,241)
Budgeted fund balance	-	3,565,676	167,401,627	163,835,951
TOTAL REVENUES AND FUND BALANCE BUDGETED	\$ 530,500,100	\$ 542,161,593	\$ 677,629,303	\$ 135,467,710
EXPENDITURES - current & capital outlay:				
Personal services and employee benefits	\$ 212,716,700	\$ 207,018,409	\$ 202,440,092	\$ 4,578,317
Contractual services	82,460,500	91,111,512	83,366,163	7,745,349
Other	134,429,300	143,238,072	129,877,363	13,360,709
Other financing uses	100,893,600	100,893,600	95,367,064	5,526,536
TOTAL EXPENDITURES	\$ 530,500,100	\$ 542,261,593	511,050,682	\$ 31,210,911
EXCESS OF EXPENDITURES OVER REVENUES			\$ (823,006)	
REVERSIONS (NOT BUDGETED)			2,119,607	
Reconciling Item			<u>2</u>	
NET CHANGE IN FUND BALANCE			\$ (2,942,611)	

* Federal funds passed through to the Department from other sources in the amount of \$12,117,864 is budgeted as other state fund and is classified as federal grant revenue on the statement of revenues, expenditures and changes in fund balances.

** Federal funds passed through to the Department from Other State Agencies in the amount of \$12,212,438 is budgeted as other inter-agency transfers and is classified as federal grant revenue on the statement of revenues, expenditures and changes in fund balances.

Public Health in-kind assistance not included in the budget.

See Notes to Financial Statements

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES - ARRA FUND
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

ARRA FUND (Fund 89000) Multi-year Budget

Budgeted Amounts					
	Original Budget in 2009	Accumulated Additions FY 2009 - FY 2013	Interim Accumulated Budget FY 2013	FY 2014 Budget Adjustments	Final Budget FY 2014
REVENUES:					
Federal funds	\$ 546,044	\$ 19,156,988	\$ 19,703,032	\$ -	\$ 19,703,032
General funds	-	-	-	-	-
Other state funds	-	-	-	-	-
Inter-agency transfers	-	-	-	-	-
TOTAL REVENUES	\$ 546,044	\$ 19,156,988	\$ 19,703,032	\$ -	\$ 19,703,032
EXPENDITURES - current & capital outlay:					
Personal services and employee benefits	-	\$ 1,336,233	\$ 1,336,233	-	\$ 1,336,233
Contractual services	-	9,421,379	9,421,379	-	9,421,379
Other	546,044	8,399,376	8,945,420	-	8,945,420
Other financing uses	-	-	-	-	-
TOTAL EXPENDITURES	\$ 546,044	\$ 19,156,988	\$ 19,703,032	\$ -	\$ 19,703,032

See Notes to Financial Statements

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES - ARRA FUND
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

ARRA FUND (Fund 89000) Multi-year Budget (Continued)

	Actual Amounts for FY 2009 to FY 2013	Adjustment for Prior Years	Actual Amount FY 2014 (Budgetary Basis)	Accumulated Actual Amount FY 2009 - 2014	Variance From Final Budget Positive (Negative)
REVENUES:					
Federal funds	\$ 19,009,365	\$ (62)	\$ 118,800	\$ 19,128,103	\$ (574,929)
General funds	-	-	-	-	-
Other state funds	-	-	-	-	-
Inter-agency transfers	-	-	-	-	-
TOTAL REVENUES	\$ 19,009,365	\$ (62)	\$ 118,800	\$ 19,128,103	\$ (574,929)
EXPENDITURES - current & capital outlay:					
Personal services and employee benefits	\$ 1,120,104	\$ -	\$ 31,016	\$ 1,151,120	\$ 185,113
Contractual services	9,056,372	-	86,174	9,142,546	278,833
Other	8,832,889	-	1,548	8,834,437	110,983
Other financing uses	-	-	-	-	-
TOTAL EXPENDITURES	\$ 19,009,365	\$ -	118,738	\$ 19,128,103	\$ 574,929
EXCESS OF REVENUES OVER EXPENDITURES			<u>62</u>		
NET CHANGE IN FUND BALANCE			<u>\$ 62</u>		

See Notes to Financial Statements

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF FIDUCIARY ASSETS AND LIABILITES -
AGENCY FUNDS
As of June 30, 2014**

	Agency Funds
ASSETS:	
Investment in State General Fund Investment Pool	\$ 293,372
Cash	997,148
Due from other Funds	420
	\$ 1,290,940
TOTAL ASSETS	
LIABILITIES:	
Fund held for others	\$ 996,868
Due to other state agencies	127,639
Due to State General Fund	166,133
Stale dated warrants	300
	\$ 1,290,940
TOTAL LIABILITIES	

See Notes to the Financial Statements

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The State of New Mexico Department of Health (the Department) is a cabinet department of the executive branch of government created by state statute under Chapter 9, Article 7 NMSA 1978. The Department's administrative head is the Secretary, who is appointed by the Governor with the consent of the Senate and serves in the Governor's executive cabinet.

The Governmental Accounting Standards Board (GASB) has set forth criteria to be used in determining financial accountability. These criteria include the State of New Mexico's ability to appoint a voting majority of an organization's governing body and either the ability of the State to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

The Department is part of the primary government of the State, and its financial data should be included with the financial data of the State. However, the State does not at present issue an audited Comprehensive Annual Financial Report inclusive of the various state departments, agencies, institutions and organizational units which are controlled by or dependent upon the New Mexico legislature or its constitutional officers that make up the State's legal entity.

Chapter 12, Article 6, NMSA 1978 requires that the financial affairs of every agency be thoroughly examined and audited each year and that a complete written report is made.

For financial reporting purposes, the Department has been defined as an integral part of the State's Executive Branch, and the accompanying financial statements include all funds over which the Secretary has the following oversight responsibilities:

- Financial interdependency
- Ability to significantly influence operations
- Accountability for fiscal matters
- Selection of governing authority
- Designation of management

The Department of Health's budget is appropriated by the Legislature during the State's annual legislative session. For fiscal year 2014 (FY14), the Legislature passed and the Governor enacted the budget, and the Operating Budget was approved, in eight Program Areas, as shown below:

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY (CONTINUED)

Program Area One (P001) — Administration:

- Office of the Secretary
- Chief Financial Officer
- Office of General Counsel
- Office of Internal Audit
- Chief Information Officer
- Human Resources
- Administrative Services

The Administration Program provides leadership, policy development, information technology, administrative, financial and legal support to the Department to ensure that the Department achieves a high level of accountability and excellence in services provided to the people of New Mexico.

Program Area Two (P002) — Public Health:

- Division Director
- WIC Program
- Immunization Program
- Breast and Cervical Cancer
- Diabetes Program
- Family Health Program
- Children's Medical Services
- Family Planning
- Maternal Child Health
- Pharmacy

The Public Health Division is statutorily required to create and fund programs, services and policy to protect the health and welfare of the people of New Mexico. In doing so, the Division focuses on cost-effective early prevention programs, creating a safe and healthy environment, preventing and controlling infectious diseases, and increasing access to health care services.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY (CONTINUED)

Program Area Three (P003) — Epidemiology and Response:

- Emergency Preparedness Emergency
- Medical Services
- Epidemiology and Response
- Vital Records and Health Statistics
- Trauma Authority

The mission of the Epidemiology and Response Division is to monitor health, provide health information, prevent disease and injury, promote health and healthy behaviors, respond to public health events, prepare for health emergencies, and provide emergency medical and vital registration services to New Mexicans. This mission is achieved through six bureaus: Vital Records and Health Statistics, Infectious Disease Epidemiology, Injury and Behavioral Epidemiology, Environmental Health Epidemiology, Health Emergency Management and Emergency Medical Services.

Program Area Four (P004) - Laboratory Services:

Scientific Laboratory Division

The Scientific Laboratory Division (SLD) provides clinical testing for infectious disease agents in support of public health programs operated by the Department; veterinary, food, and dairy testing for the Department of Agriculture; forensic toxicology (drug) testing in support of the Department of Public Safety and local law enforcement agencies for the Implied Consent Act (DWI) and for autopsy investigation performed by the Office of the Medical Investigator; and chemical testing for environmental monitoring and enforcement of law and environmental regulations for the Environment Department. SLD also provides clinical testing for state and local hospitals for infectious diseases that are rare or novel in New Mexico and provides training and certification of law enforcement officers to perform breath alcohol testing within New Mexico. The activities of SLD in support of these state agencies are mandated in statute and are essential for the successful missions of the programs it supports in these agencies.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY (CONTINUED)

Program Area Six (P006) — Facilities:

- Fort Bayard Medical Center (Silver City)
- State Veterans Home (Truth or Consequences)
- Turquoise Lodge (Albuquerque)
- New Mexico Rehabilitation Center (Roswell)
- Sequoyah Adolescent Treatment Center (Albuquerque)
- Behavioral Health Institute (Las Vegas)
- Los Lunas Community Program

The Facilities Program provides chemical dependency and rehabilitation services, adult psychiatric services, forensic services, long term care services, community based services, developmentally disabled community services and adolescent treatment and reintegration services to New Mexico residents in need of such services in seven facilities across New Mexico.

Program Area Seven (P007) — Developmentally Disabled Support Services:

- Home-based Living for the Disabled

The purpose of the Developmental Disabilities Support Program is to administer a statewide system of community-based services and supports in order to improve the quality of life and to increase the independence and interdependence of individuals with developmental disabilities and children with or at risk for developmental delay or disability and their families.

Program Area Eight (P008) — Division of Health Improvement:

- Division of Health Improvement
- Health Facility Licensing and Certification
- Incident Management
- Quality Management
- Caregiver's Criminal History Screening

The mission of the Division of Health Improvement is to assure safety and quality care in New Mexico's health care facilities and community-based programs in collaboration with consumers, providers, advocates, and other agencies. DHI promotes quality improvement by conducting surveys and program reviews, taking appropriate action, identifying trends

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REPORTING ENTITY (CONTINUED)

and patterns, and procuring training.

Program Area Seven Eighty Seven (P787) – Medical Cannabis Program:

The New Mexico Medical Cannabis Program was created under the Lynn and Erin Compassionate Use Act. The purpose of this Act is to allow the beneficial use of medical cannabis in a regulated system for alleviating symptoms caused by debilitating medical conditions and their medical treatments. Department of Health administers the program in accordance with the Act while at the same time ensuring proper enforcement of any criminal laws for behavior that has been deemed illicit by the state.

Governmental Accounting Standards Board Statement establish standards for identifying a component unit through evaluation of the reporting entity and significance of certain related party transactions, defined as potential component units. Depending on the results of the evaluation, financial information of related parties determined to be component units could be required to be included in the financial statements of the reporting entity.

In evaluating how to define the Department for financial reporting purposes, management has evaluated the Department's potential component units. The basic, but not the only, criteria for including a potential component unit as part of the reporting entity are the governing body's ability to exercise oversight responsibility. The most significant aspects of this responsibility are the selection of governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criteria used in evaluating potential component units is the scope of public service.

Application of the criteria involves considering whether the activity benefits the Department. A third criteria 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 Department is able to exercise oversight responsibilities. In the financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the Department. Based on the application of these criteria, there are no component units included in these financial statements.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements of the Department of Health have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. GASB Statement 34, Statement 37 and Statement 38 establish financial reporting requirements for state and local governments throughout the United States.

The Department is responsible for the fair presentation of the accompanying financial statements in conformity with generally accepted accounting principles. The Department has implemented these standards beginning with the fiscal year ended June 30, 2002. The Department has prepared required supplementary information in the titled Management's Discussion and Analysis, (MD&A), which precedes the basic financial statements. The Department's significant accounting policies are described below.

The basic financial statements include both government-wide (based on the Department as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), in the new model focus is on either the Department as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type, and exclude fiduciary funds. The Department is a single-purpose government entity and has no business type activities. In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis and are presented using the economic resources measurement focus and the accrual basis of accounting, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost-per-functional category, which is otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation expense on capital assets) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function. All internal activity has been removed from the financial statements.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation - (CONTINUED)

The net cost by function is normally covered by general revenue. The Department operates eight programs and employs indirect and direct cost allocation as applicable in the financial statements.

The government-wide focus is on the sustainability of the Department as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Emphasis is on the major funds of the governmental category. Non-major funds are summarized into a single column. The Department utilizes governmental funds and fiduciary funds. The Department has no proprietary funds to report.

The governmental funds in the fund financial statements are presented on a current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed more appropriate to demonstrate legal and covenant compliance, to demonstrate the source and use of liquid resources, and to demonstrate how the Department's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is presented, which briefly explains the adjustment necessary to transform the fund-based financial statements into the governmental column of the government-wide presentation. The Department's General Fund is a reverting fund.

The focus of the revised model is on the Department as a whole and the fund financial statements, including the major funds in the governmental category.

The financial transactions of the Department are recorded in the General Fund and its other funds, each of which is considered a separate accounting entity. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, expenditure or expenses, and other financing sources or uses. Government resources are allocated to, and accounted for, in the fund based upon the purpose for which they are to be spent and the means by which the spending activities are controlled.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation - (CONTINUED)

The following describes the individual funds used by the Department:

Governmental Funds

All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets.

Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, the statements present a summary of sources and uses of available spendable resources during a period. Due to their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Because they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. The following is a description of the funds of the Department:

Major Funds

General Fund. The General Fund (Fund 06100) is the general operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund combines activities for all the programs of the Department. The General Fund is funded from appropriations from the State of New Mexico State General Fund, special appropriations, Federal grants and other revenue. These funds are reverting.

ARRA Fund. The Department of Health ARRA Special Revenue Fund (fund 89000) was administratively created by NM Department of Finance and Administration. The fund is used to account for the activity related to the funding provided by the federal government under the American Recovery and Reinvestment Act. These funds are non-reverting. All activity is segregated to ensure:

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation - (CONTINUED)

Major Funds - (CONTINUED)

- Funds are awarded and distributed in a prompt, fair, and reasonable manner;
- The recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner;
- Funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated;
- Projects funded under this Act avoid unnecessary delays and cost overruns; and
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

Other Non-major Funds

Special Revenue Funds. DOH maintains six non-major Special Revenue Funds to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Those funds are:

- The Medical Cannabis Fund (Fund 11415) – This fund was created by Senate Bill 240, as amended in Laws of 2012, Chapter 42. The fund consists of fees collected by the Department of Health pursuant to the Medical Cannabis Program that the Department of Health administers, income from investment of the fund and income otherwise accruing to the fund. Money appropriated is to support the administration of the medical cannabis program; provided that none of the money from the fund shall be used for capital expenditures. These funds are reverting.
- The County Supported Medicaid Fund (Fund 21900) - This fund was created by Section 27-10-3 NMSA 1978 to institute or support primary health care services in underserved areas. These funds are restricted by law and do not revert in any fiscal year. These funds are non-reverting.
- The Trauma System Fund (Fund 25700) - This fund was created by Section 24-10E-2 NMSA 1978. The purpose of this fund was to provide funding to sustain existing trauma centers, support the development of new trauma centers and develop a statewide trauma system. These funds are non-reverting.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation - (CONTINUED)

Other Non-major Funds - (CONTINUED)

- The Save Our Children's Sight Fund (Fund 26100) - This fund was created by Section 24-1-31 NMSA 1978. The purpose of this fund is to provide funding for the development and implementation of a vision screening program, which includes making vision screenings and follow up comprehensive examinations available to the children of New Mexico regardless of family income. These funds are non-reverting.
- The Emergency Medical Services Fund (Fund 75600) - This fund was created by Section 24- 10A-2 NMSA 1978. The purpose of this fund is to make money available to municipalities and counties for use in the establishment and enhancement of local emergency medical services, statewide emergency medical services and trauma services in order to reduce injury and loss of life. These funds are non-reverting.
- The Birthing Workforce Retention Fund (Fund 95800) - The fund was created by Section 41-5-26.1 NMSA 1978. The purpose of this fund is to provide malpractice insurance premium assistance for certified nurse-midwives or physicians whose insurance premium costs jeopardize their ability to continue their obstetrics practices in New Mexico. These funds are non-reverting.

Capital Projects Funds. DOH also maintains three Capital Project Funds to account for appropriations that are restricted by law. Those funds are:

- Fort Bayard Medical Center Lease Purchase Agreement Fund (Fund 20480). The New Mexico Department of Health was appropriated funds in the Laws of 2011, Chapter 179, Section 4 for the Fort Bayard Medical Center Lease Purchase Agreement. The fund was created to account for all fiscal activity related to the lease purchase agreement between the State of New Mexico – Department of Health and Grant County, New Mexico. The payments for the lease purchase agreement are funded through General Fund Appropriations. These funds are reverting.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation - (CONTINUED)

- *The Capital Projects Fund (Fund 05900)* is used to account for appropriations and expenditures relating to capital construction and improvement projects appropriated by the Legislature for long-term care and other facilities. The Capital Projects reported in this fund are funded through General Fund Appropriation or Severance Tax Bond sales. The debt for the Severance Tax bonds are recognized and reported in the report of the New Mexico State Treasurer's Office. These funds are reverting.
- *STB Capital Outlay Statewide Fund (Fund 89200)*. This Capital project Fund is used to account for severance tax bond (STB) funded capital projects. These funds are reverting.

Fiduciary Funds

Agency Funds. The Department also maintains two Agency Funds, which are trust accounts that are held for clients. They are not available for use by the Department but are held for clients, such as wards of the State and other state agencies. Accounting for financial activity in these funds utilizes the full accrual basis of accounting.

- The Birth & Death Certificate Fund (Fund 50200) - This fund is used to account for revenue from birth and death certificates collected by Public Health Offices statewide and due by statute to the State General Fund and the New Mexico Children, Youth, and Families Department.
- The Patients' Trust Fund (Fund 51000) - This fund is used for patient trust monies that are held on behalf of the residents of the Department's long-term and other care facilities.

Measurement Focus and Classification of Funds

Individual funds have been established as stipulated by legal provisions or by administrative direction. The funds presented are classified as follows:

Governmental Funds account for the acquisition, use, and balances of expendable financial resources and the related current liabilities. Governmental fund types use the flow of current financial resources measurement focus. Included in this classification is the General Fund, which is the Department's operating fund that accounts for all financial resources except those required to be accounted for in another fund; the six Special Revenue Funds

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation - (CONTINUED)

Measurement Focus and Classification of Funds - (CONTINUED)

described above; and the Capital Projects Fund.

Fiduciary Funds account for assets held by the State in a trustee capacity or as an agent for individuals, other governmental units, or other funds. Included in this fund category are the Department's two Agency Funds described above. Agency funds are custodial in nature; thus, they do not measure results of operations. The two Agency Funds deal with patient trust funds for patients' checking, savings, and burial accounts from which the patients buy personal items. These funds are not incorporated in to the government-wide financial statements. Fiduciary funds use the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, and then unrestricted resources as they are needed.

Effective July 1, 2012, the Department adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position. This statement had minimal impact on the Department's financial statements or related accounting and financial reporting. The primary effects of implementing this statement was to change all previous references from "net assets" to "net position," change the line item for "invested in capital assets, net of related debt" to "net investment in capital assets," and to classify certain assets and liabilities as "deferred inflows" and "deferred outflows."

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, was implemented effective July 1, 2013, and thus adopted by the Department this fiscal year. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Non-Current Governmental Assets/Liabilities

GASB Statement 34 eliminated the presentation of Account Groups but requires that these records be maintained and that the information incorporated into the government-wide Statement of Net Assets. GASB Statement 63 changed the report of government-wide from using the Statement of Net Assets to using the Statement of Net Position.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation - (CONTINUED)

Non-Current Governmental Assets/Liabilities - (CONTINUED)

Basis of accounting refers to the point at which revenue and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are presented using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and expenditures are recognized when the liability is incurred or economic asset used. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenue, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement 33. The governmental funds in the fund financial statements utilize the modified accrual basis of accounting. Under this method, revenue and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the current fiscal period. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally 60 days. The exception to this rule is Federal Grant expenditures which generally are reimbursed within 120 to 150 days of the expenditures. In 2014 DOH also found patient charges to take up to 120 days for reimbursements as a result of changes due to contract changes related to the American Affordable Health Care Act.

Contributions and other monies held by other state and local agencies are recorded as a receivable at the time the money is made available to the specific fund. All other revenues are recognized when they are received and are not susceptible to accrual.

Expenditures are recorded as liabilities when incurred. An exception to this general rule is that accumulated unpaid annual, compensatory and certain sick leave are not accrued as current liabilities but as non-current liabilities. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources. When expenditure is incurred for purposes for which both restricted and unrestricted net assets are available, the Department first uses restricted resources and then unrestricted resources.

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation - (CONTINUED)

Fund Balance Classifications

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

The Department's fund balances represent: 1) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; 2) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches; 3) Assigned Purposes, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2014, follows:

Nonspendable - Petty Cash and Change Funds. This reserve was created for imprest petty cash funds and change funds.

Nonspendable - Inventories. This reserve was created to represent the portion of fund balance that is not available for expenditures because the Department expects to use the resources within the next budgetary period.

Nonspendable - Postage. This reserve was created for prepaid postage on hand at year end. At year end, postage remaining in the meter is recorded as a prepaid asset with an offsetting reserve of fund balance in the Governmental Fund Statement.

Spendable - Restricted. This reserve consists of liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory or granting agency) limitation on their use.

Spendable - Committed for Multi-Year Appropriations. This reserve was created for multiyear appropriations for which the Department has received funds for projects which extend into future years.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation - (CONTINUED)

Fund Balance Classifications (CONTINUED)

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, restricted fund balance must be spent first. When expenditures are incurred for purposes for which amounts in any of unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts and then unassigned amounts.

NOTE 2. ASSETS, LIABILITIES, AND NET POSITION

Cash

The Department maintains cash accounts with the Office of the State Treasurer and at various commercial institutions statewide. Amounts on deposit with the commercial institutions are fully insured by the Federal Deposit Insurance Corporation up to \$250,000. Amounts over \$250,000 must be secured in accordance with 6-10-17 NMSA 1978 which requires banks pledge collateral valued at 50 percent of the uninsured amount deposited.

The Department is required by statute to deposit any money received into the State Treasury. Balances maintained at the end of each day are pooled and invested by the State Treasurer in repurchase agreements. The State Treasurer issues separate financial statements, which disclose the collateral pledged to secure these deposits, the categories of risk involved, and the market value of purchased investments, which may differ from the cash deposited by the Department (refer to Schedule 2 — Pledged Collateral and Schedule 1 — Schedule of Individual Deposits). Custodial credit risk is the risk that, in the event of failure of the counterparty, the Department will not be able to recover the value of its cash that is in the possession of an outside party. The Department's cash balances are not exposed to custodial credit risk. All are fully collateralized and the collateral is held in the Department's name.

Beginning with FY07, the New Mexico Department of Finance & Administration directed that agency cash accounts maintained in the State Treasury now be referred to as "Investment in the State General Fund Investment Pool," or investment in SGFIP, to reflect the fact that State agencies do not maintain cash per se but rather agencies' cash accounts are actually interest in the State General Fund that is invested with other State monies in investment accounts.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2. ASSETS, LIABILITIES, AND NET POSITION-(CONTINUED)

Cash- (CONTINUED)

As per Section 6-5-2.1 (J) NMSA 1978, the Department of Finance and Administration (DFA) is required to complete a monthly reconciliation of the balances and accounts maintained by the State Treasurer's Office (STO).

Interest in State General Fund Investment Pool

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

In June 2012, an independent expert diagnostic report revealed that the General Fund Investment Pool balances have not been reconciled at the business unit/fund level since the inception of the Statewide Human resources, Accounting, and management Reporting system (SHARE) system in July of 2006. The Diagnostic report is available in the Resources section of the Cash Control page of the New Mexico Department of Finance & Administration's website at: http://www.nmdfa.state.nm.us/Cash_Control.aspx. The document title is Current State Diagnostic of Cash Control.

By state statute, the New Mexico Department of Finance and Administration (DFA) is responsible for the performance of monthly reconciliations with the balances and accounts kept by the State Treasurer. Therefore, under the direction of the State Controller / Financial Control Division Director, the Financial Control Division (FCD) of the New Mexico Department of Finance & Administration undertook action to address the situation. DFA/FCD initiated the Cash Management Remediation Project (Remediation Project) in partnership with the Office of the New Mexico State Treasurer, the New Mexico Department of Information Technology, and a contracted third party with expertise in the Enterprise System Software used by the State.

The Remediation Project objective was to design and implement changes necessary to ensure ongoing completion of timely, accurate and comprehensive reconciliation of the Pool. DFA has or is in the process of implementing all the recommendations resulting for the Remediation Project and has made changes to the State's SHARE system configuration, cash accounting policies and procedures, business practices, and banking structure. This has enabled DFA to complete timely and accurate reconciliation of bank to book balances at the State and Business Unit level on a post-implementation basis, however it did not resolve historical reconciling items. Additional changes recommended by the Project continue to be cascaded through DFA and state agencies to support the Business Unit by

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

Interest in State General Fund Investment Pool - (CONTINUED)

Fund accounting requirements.

A plan to address historical reconciling items is being assessed and a separate initiative will need to be undertaken to resolve the historical reconciling items. Management considers it unlikely that this separate initiative will be successful in allocating any of the historical reconciling items to the State entities invested in the Pool. As a result, any remaining differences will be reported in the State General Fund.

The Department of Health has established policies and procedures to mitigate the risks of misstatements to the Department's interest in the General Fund Investment Pool. The Department of Health identifies and posts all warrants and deposits as they are processed at the department's Administrative Services Division (ASD). This process is performed on a monthly basis. Each fund is an interest in the General Fund Investment Pool.

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

At June 30, 2014, the Department had the following invested in the General Fund Investment Pool: \$27,719,918. Refer to Schedules 1 and 2 of the Supplementary Schedules related to deposits and collateral related to Cash and the General Fund Investment Pool funds.

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

Credit risk - The New Mexico State Treasurer pools are not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2014.

The Department overdrew its Severance Tax Bond Fund 89200 cash account as of June 30, 2014 by \$133,176.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

Inventory and Prepaid

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In addition, employee travel advances are recorded as pre-paid items until travel is completed and actual amounts due are reconciled and paid.

Inventory is valued at cost using the first-in, first-out method. Inventory consists of expendable supplies held for consumption and pharmaceuticals held for patient use at the public health field offices, medical and long-term facilities.

Capital Assets

Property, buildings, and equipment purchased or acquired at a value of \$1,000 or greater prior to July 1, 2005 are capitalized. Capital Assets acquired after June 17, 2005, are only capitalized if the acquisition amount was \$5,000 or more (Section 12-6-10 NMSA 1978). Assets are carried at historical cost or estimated historical cost. Those assets acquired and capitalized prior to July 1, 2005 that have not been fully depreciated are still being depreciated under the previous policy. Currently, contributed assets are recorded at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed when incurred. Depreciation on all assets, including software, is provided on the straight-line basis over the following estimated useful lives with no salvage value:

	<u>Years</u>
Land Improvements	10 to 20
Buildings and Structures	5 to 40
Machinery and Equipment	5 to 20
Vehicles	5 to 10
Information Technology	5 to 20
Furniture/Fixtures	5 to 20

In addition to the assets owned by the Department, the Department utilizes buildings, vehicles, furniture and equipment owned by the Property Control Division of the State of New Mexico General Services Department. These assets and the related depreciation expense are not included in the accompanying financial statements.

Although GASB Statement 34 requires the recording and depreciation of infrastructure assets, such as roads, bridges, etc., the Department does not own any infrastructure assets. There is no debt related to the Department's capital assets.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

Capital Leases

Leases that substantially transfer all of the risks and benefits of ownership are accounted for as capital leases. Capital leases are included in the capital assets, and where appropriate, are amortized over the shorter of their economic useful lives or lease terms. The related capital lease obligations are included in the long-term liabilities in the government-wide financial statements.

Compensated Absences

Vacation time, compensatory time, and sick time are reported as liabilities in the government-wide financial statements, with expenses being reported during the period that leave is accrued. It is the policy of the Department to permit employees to accumulate earned but unused vacation and sick pay benefits. The fund financial statements report expenditures during the period that employees are actually paid, or when compensated absences are liquidated with expendable financial resources from the operational portion of state General Fund appropriations. These expenditures are paid from the Department's General Operating Fund (Fund 06100). Qualified employees are entitled to accumulate vacation leave according to a graduated schedule of 80 to 160 hours per year, depending upon the length of service and the employee's hire date. A maximum of thirty working days (240 hours) of such accumulated annual leave may be carried forward into the beginning of the calendar year and any excess is lost.

When employees terminate, they are compensated for accumulated unpaid annual leave as of the date of termination, up to a maximum of thirty days.

Qualified employees are entitled to accumulate sick leave at the rate of one day for each calendar month of service. There is no limit to the amount of sick leave which an employee may accumulate. Once per fiscal year, in either January or July, employees may elect to be paid for 50% of accrued sick leave in excess of 600 hours, up to 720 hours, not to exceed 120 hours (60 hours maximum can be paid). Sick leave balances related to general fund operations in excess of 600, but not more than 1,000, hours have been recorded at 50% of the employee's hourly rate in the general fund.

Compensatory time may be granted by the Department to employees when overtime is needed. Employees not exempt from the FLSA may accrue up to 240 hours at the rate of one-and-a-half (1 ½) hours for each hour worked. The time will either be paid or taken as time off at the employee's election unless notified by the employer that it can only be taken as compensatory time off.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

Compensated Absences (CONTINUED)

FSLA-exempt employees may only accrue up to 80 hours a year at a rate of one (1.0) times the hours worked. The exception is supervisory nurses who accrue their hours at the rate of one-and-a-half the normal rate (1 ½). The Department policy permits exempt employees to elect to be reimbursed by cash or take time off unless notified by the employer that it will only be taken as compensatory time off.

In addition to the basic current hourly pay rate, the accrual of compensated absences includes the Department's estimated costs of payroll taxes.

Net Position

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

- Investment in Capital Assets (net of related debt) - Reflects the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.
- Restricted Assets - Reflects the value of liquid assets generated from revenue but not bond proceeds which have third-party (statutory, bond covenant or granting agency) limitations on their use.
- Unrestricted Assets - Represents assets that do not have third-party limitations on their use.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 2. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

Intra-fund Activity

Intra-fund receivables or payables at year-end are netted as part of the reconciliation to the governmental-wide financial statements.

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

The State Legislature makes annual appropriations to the Department. Legal compliance is monitored through the establishment of an annual operating budget for the Department that is reviewed and approved by the New Mexico Department of Finance and Administration.

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

1. The Department submits an annual appropriation request (budget) to the New Mexico Legislature and the New Mexico Department of Finance and Administration for the fiscal year commencing the following July 1. The State Legislature must appropriate funds to the Department before an operating budget can be legally approved by the New Mexico Department of Finance and Administration.
2. The expenditures and encumbrances of each category may not legally exceed the budget for that category. Budgets are controlled at the four "category" levels:
 - Personal Services and Employee Benefits;
 - Professional Services;
 - Other Expenditures; and
 - Other Financing Uses.
3. All requested budget adjustments must be submitted to and approved by the Department of Finance and Administration in the form of budget adjustment requests.
4. The budget is adopted on a modified accrual basis of accounting that is consistent with generally accepted accounting principles (GAAP). This practice became effective beginning July 1, 2004. In prior years, the budgetary basis was not considered to be consistent with the GAAP basis of accounting. Budgetary comparisons presented in the financial statements are now presented on a basis which is consistent with generally accepted accounting principles.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data (CONTINUED)

5. Unless otherwise specified in law (either appropriations acts or statutory law), appropriations to the Department are designated as "reverting" by the New Mexico State Legislature and, therefore, unencumbered balances in state agency accounts remaining at the end of the fiscal year from appropriations made from the New Mexico State General Fund revert to the New Mexico State General Fund.
6. Per Section 9 of the General Appropriation Act of 2008, all agencies, including legislative agencies, may request category transfers among personal services and employee benefits, contractual services and other. Therefore, the legal level of budgetary control would be the appropriation program level (A-Code, P-Code, R-Code, and Z-Code). The A-Code pertains to capital outlay appropriations (general obligation/severance tax or state general fund). The P-Code pertains to operating funds. The R-Code pertains to American Recovery & Reinvestment Act (ARRA) funds. The Z-Code pertains to special appropriations.

Revenue Recognition

State General Fund appropriations are recognized in the year the appropriation is made. Receivables are recognized as revenue in the year the services which gave rise to the receivable are provided. Bond proceeds are recognized when all eligibility requirements have been met.

Program Revenue

Program revenue includes program-specific operating grants from federal sources or other state agencies. No allocation of indirect expenses is made by function as costs not accounted for by activity are considered immaterial.

- **Federal Grants** - Revenue is recognized when appropriate expenditures are incurred or accrued by the Department.
- **Patient Service Revenue and Contractual Adjustments** - Patient services revenue is recorded at the established rates of the medical facilities and hospitals but is reduced by "contractual adjustments" to recognize allowances for charity services, provisions for uncollectible accounts, and charges that otherwise exceed payments from Medicare, Medicaid, private or other resources. Medicare and Medicaid payments accounted for approximately 89% of net patient service revenues received in 2013.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Revenue Recognition (CONTINUED)

Amounts receivable and payable under reimbursement from "third-party payer" agreements, primarily Medicare and Medicaid, are subject to examination and retroactive adjustment by a third-party payer. Provisions for estimated retroactive adjustments by third-party payers are provided in the period the related services are rendered. Any difference between the amounts accrued and settled is reflected in operations in the year of settlement. The facilities are paid for substantially all inpatient services rendered to Medicaid and/or Medicare program beneficiaries under prospectively determined rates per client. Accordingly, to the extent that costs incurred (exclusive of other defined capital costs and certain education costs of the rehabilitation centers which continue to be paid on the basis of reasonable costs) for services rendered to Medicare and Medicaid patients exceed the determined payment rates, those costs are not recoverable from the Medicare and Medicaid programs or their beneficiaries. The facilities' payment classification of patients under the prospective system is subject to review based on validation audits by third parties.

NOTE 4. ACCOUNTS RECEIVABLE

The accounts receivable and the related allowance for uncollectible accounts for the General Fund as of June 30, 2014, are as follows:

Program #	Program/Facility Name	Accounts Receivable	Allowance for Uncollectibles	Net Accounts Receivable
2	Public Health Division	\$ 2,552,110	\$ 167,245	\$ 2,384,865
3	Epidemiology and Response Division	354,538	-	354,538
4	Scientific Laboratory	78,365	13,956	64,409
6	Turquoise Lodge	6,827,680	6,717,350	110,330
6	New Mexico Behavioral health Institute	5,430,613	2,367,851	3,062,762
6	New Mexico Rehabilitation Center	1,367,702	824,746	542,956
6	Sequoyah Adolescent Treatment Center	607,135	137,317	469,818
6	New Mexico Veterans Home	983,616	29,508	954,108
6	Fort Bayard Medical Center	6,914,241	2,842,502	4,071,739
6	Los Lunas Community Program	1,549,518	895,558	653,960
7	DDSD	374	-	374
Total		\$ 26,665,892	\$ 13,996,033	\$ 12,669,859

The allowance for uncollectible accounts has been established from experience based on the records of the respective activities.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 5. CAPITAL ASSETS

A summary of changes in capital assets are as follows:

Governmental Type Activities	Balance June 30,2013	Adjustments	Additions	Deletions	Balance June 30,2014
Land	\$ 59,700	\$ -	\$ -	\$ -	\$ 59,700
Construction in Process	-	-	873,004	-	873,004
Total Non-Depreciable Assets	59,700	-	873,004	-	932,704
Capital Assets being depreciated					
Land Improvements	210,433	-	-	-	210,433
Buildings & Structures	98,473,786	-	543,820	-	99,017,606
Machinery & Equipment	14,866,332	(37,667)	707,497	(294,443)	15,241,719
Vehicles	1,870,529	-	27,805	(95,850)	1,802,484
Information Technology	14,733,245	37,667	578,625	(1,139,157)	14,210,380
Furniture & Fixtures	1,539,231	-	81,327	(53,917)	1,566,641
Total Depreciable Assets	131,693,556	-	1,939,074	(1,583,367)	132,049,263
Total Capital Assets	131,753,256	-	2,812,078	(1,583,367)	132,981,967
Less accumulated depreciation					
Land Improvements	212,805	(3,992)	147	-	208,960
Buildings & Structures	36,432,831	3,107,728	2,683,066	-	42,223,625
Machinery & Equipment	11,584,062	420,017	815,057	(293,620)	12,525,516
Vehicles	2,577,073	(870,450)	22,887	(95,850)	1,633,660
Information Technology	12,164,750	48,447	755,423	(1,138,986)	11,829,634
Furniture & Fixtures	4,103,439	(2,701,748)	39,583	(53,917)	1,387,357
Total Accum. Depreciation	67,074,960	2	4,316,163	(1,582,373)	69,808,752
Total Capital Assets Net	\$ 64,678,296	\$ (2)	\$ (1,504,085)	\$ (994)	\$ 63,173,215

Depreciation expense was charged to functions as follows:

Program Name	Program #	Depreciation Expense
Administration	1	\$ 365,345
Public Health	2	213,720
Epidemiology and response	3	148,860
Laboratory Services	4	625,680
Facilities management	6	2,875,670
Developmental disabilities support services	7	9,722
Health certification, licensing and oversight	8	76,173
Medical Cannabis	787	993
Total Depreciation Expense		\$ 4,316,163

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 6. COMPENSATED ABSENCES

Compensated absences consist of annual leave, sick leave and comp time earned by Department employees. This time is considered to be a current obligation of the Department. Changes in compensated absences are recorded in the financial statements as follows:

<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due</u> <u>Within One</u> <u>Year</u>
\$ 6,632,005	\$6,621,871	\$(6,431,293)	\$6,822,583	\$6,616,103

NOTE 7. DUE FROM AND DUE TO OTHER AGENCIES

Transactions that occur among state agencies under legislative mandate, exchange transactions, and other situations are accounted for in the financial statements which make up the due from and due to other state agencies. The Due From and Due To Other Agencies balances at June 30, 2014 are found at Schedule 4.

NOTE 8. INTERFUND ACTIVITY

Due To/From Other Funds and sub-funds at June 30, 2014 are as follows:

<u>Fund Name</u>	<u>Fund No.</u>	<u>Amount</u>	<u>Fund Name</u>	<u>Fund No.</u>	<u>Amount</u>
General Fund	06101	\$ 2,402,584	General Fund	06101	\$ 2,416,568
General Fund	06102	39,254	General Fund	06102	-
General Fund	06104	1,066,849	General Fund	06104	1,070,072
General Fund	06105	1,641,272	General Fund	06105	1,658,208
Trauma Fund	25700	2,643	Trauma Fund	25700	-
ARRA	89000	7,311	ARRA	89000	15,485
Total Governmental Funds		5,159,913	Total Governmental Funds		5,160,333
Fiduciary funds:			Fiduciary funds:		
Birth & Death Certificate Fund	50200	420	Birth & Death Certificate Fund	50200	-
Total Due From		\$ 5,160,333	Total Due To		\$ 5,160,333

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 9. OTHER LIABILITIES

Other liabilities consist of:

Civil Monetary Penalties – Held for Federal Programs	\$ 537,227
Funds held for other	143,554
Funds held for state employees	348
New Born Screening Kits	688,635
Miscellaneous	<u>9,347</u>
Total Other Liabilities	\$ <u><u>1,379,111</u></u>

NOTE 10. DEFERRED INFLOWS OF RESOURCES

The Department’s deferred inflow of resources is related to a rebate on WIC, which is the Special Supplemental Food program for Women, Infants and Children (WIC). The rebate is from a contract with Nestle, Inc. for milk based and soy based products purchased and invoiced from the Department. Typically payment is received on the 1st of every month. When it is received the Department applies this rebate to the draw down from the federal funds received for this program, thus reducing the federal reimbursement request. However, in June, 2014 the payment for July was received at 3:00 pm on June 30th. At that time the rebate could not be utilized because the drawdown had already been done for that day and month. In addition the rebate has to be expended entirely and that wasn’t possible at that time.

WIC Food Rebate	<u>\$ 972,859</u>
Total Deferred Inflows of Resources	<u><u>\$972,859</u></u>

NOTE 11. OPERATING LEASES

The Department leases equipment and building office space under operating leases. Operating leases do not give rise to eventual property rights or lease obligations and, therefore, the effect of the lease obligations are not reflected in the Department's liabilities. Operating leases are subject to future appropriations and are cancellable by the Department at the end of the fiscal year.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 11. OPERATING LEASES (CONTINUED)

The Department has commitments for lease obligations for the following periods for the following amounts:

<u>Years Ending June 30:</u>	<u>Lease Amounts</u>
2015	\$ 4,626,082
2016	3,712,157
2017	2,647,910
2018	2,073,077
2019	1,807,516
2020 - 2024	6,629,612
2025 - 2029	2,523,023
2030 - 2034	-
Total	<u>\$ 24,019,377</u>

Rental expenditures for the fiscal year ended June 30, 2014 were \$ 5,305,634.

NOTE 12. CAPITAL LEASE

The Department entered into a lease-purchase agreement as a lessee with Grant County of New Mexico that was conditionally approved in February 19, 2008 by the New Mexico State Board of Finance. The lease provides that the Department will cause a healthcare facility (the Facility) to be acquired, constructed and equipped on unimproved land in the Village of Santa Clara, New Mexico (the Land), financed with proceeds from the County's Project Revenue Bonds (Ft. Bayard Project), Series 2008 (the Bonds). The Facility will be a replacement for the existing Fort Bayard Medical Center. Under the lease and subject to its terms and conditions, the Department will be obligated to make payments, among others, in the amounts and at the times necessary to allow for the timely payment of the principal and interest on the Bonds after the completion of the Facility. The agreement contains an option to purchase shall the Department decide to purchase the Facility during the term of the lease with the approval of the New Mexico State Board of Finance. The lease and the payments for the lease commenced December 15, 2010.

The estimated value of the leased building at the inception of the leases, net of accumulated depreciation, amounted to \$51,851,852. The related remaining obligations under the capital leases which amounted to \$55,545,000 at June 30, 2014 are included in the capital assets and long-term liabilities balances in the government-wide financial statements.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 12. CAPITAL LEASE (CONTINUED)

The annual requirements to amortize the lease obligation at June 30, 2014 are as follows:

<u>Years Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015	\$1,215,000	\$ 2,836,019	\$4,051,019
2016	1,285,000	2,766,156	4,051,156
2017	1,355,000	2,692,269	4,047,269
2018	1,435,000	2,614,356	4,049,356
2019	1,490,000	2,556,956	4,046,956
2020-2024	8,745,000	11,501,756	20,246,756
2025-2029	11,260,000	8,985,113	20,245,113
2030-2034	14,410,000	5,840,925	20,250,925
2035-2038	<u>14,350,000</u>	<u>1,837,500</u>	<u>16,187,500</u>
	<u>\$55,545,000</u>	<u>\$41,631,050</u>	<u>\$97,176,050</u>

The annual Capital Lease amount paid for FY14 in FY14 was \$4,049,819 of which \$1,170,000 was for principal payment and \$2,879,819 in interest which is due for payment one twelfth each month by the 15th of the month.

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
Capital lease	<u>\$ 56,715,000</u>	<u>\$ -</u>	<u>\$1,170,000</u>	<u>\$55,545,000</u>

NOTE 13. FUND BALANCE

Found in the fund balance section of the general fund, the non-spendable amount of \$3,179,629 at June 30, 2014 was reserved for inventory, petty cash and prepaid expenses. The restricted balance of \$128,230 is comprised of the Kellogg CDC Foundation Grant of \$50,000 and the Robert Woods Foundation Grant of \$78,230. The assigned balance of \$25,000 is the amount of a multi-year appropriation for Cancer Prevention which is specifically appropriated for payments of anticipated obligations incurred by the Department of Health through FY15. Other fund balance restrictions in non-major funds total \$1,175,507.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 14. REVERSIONS

The following appropriations were included as reversion expenditures for fiscal year 2014:

Laws of 2013, Ch. 227, Section 4, Fund 06100	\$	2,100,657
Laws of 2013, Ch. 227, Section 5, Fund 06100		18,950
Laws of 2013, Ch. 227, Section 5, Fund 20481		181
Laws of 2013, Ch. 227, Section 4, Fund 11415		80,114
Total State General Fund reversions	\$	2,199,902

Due to an error in prior year the fund balance amount in fund 05900 was shown as zero. However, the correct amount was \$1 which was due to the State General fund as additional reversion from a prior fiscal year. In order to tie to the prior fiscal year the 059 fund is not showing any fund balance amount or reversion expenditure. However, this amount is shown as reversion in schedule 5 and will be a reconciling item in the reversion expenditure as shown in this schedule. In addition, an amount of \$153,470 is due to the state general fund in fund 05900 for prior year reversion and is shown in schedule 4. The reversion expenditure was recognized in a prior fiscal year but DOH only recently learned it needed to be reverted to the general fund.

Prior year reversion due to the State General Fund, in Fund 05900 not shown in the fund financial statement as noted above.	\$1
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In accordance with statute Section 6-5-10(A) NMSA 1978, all unreserved, undesignated fund balances in reverting funds and accounts as reflected in the central accounting system as of June 30 shall revert.

NOTE 15. FUNDS HELD IN TRUST BY OTHERS

The Department is an income beneficiary of a portion of the State Permanent Fund designated specifically for the Behavioral Health Institute in Las Vegas, receives 1/7th and Los Lunas Community Programs receives 1/7th of the income from investments in the State Permanent Fund derived from the Charitable, Penal and Reformatory Act. Behavioral Health Institute also receives revenue directly from the State Permanent Fund. The trust principal is managed by the State Investment Council and, because the funds are not controlled by the Department, they are not reflected in the accompanying financial statements.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 15. FUNDS HELD IN TRUST BY OTHERS (CONTINUED)

The fair value of the Department's interest in the State Permanent Fund at June 30, 2014, and the income received for the year follow:

Interest in	Income Fund at <u>June 30, 2014</u>	Received <u>in 2014</u>
State Permanent Fund:		
Behavioral Health Institute	\$40,834,882	\$2,014,119
Charitable, Penal and Reformatory Act:		
Behavioral Health Institute	\$17,022,494	\$ 761,937
Los Lunas Community Programs	\$17,022,494	\$ 761,937

NOTE 16. RETIREMENT PLANS

Public Employees Retirement Association (PERA)

Plan Description

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

Funding Policy

Plan members are required to contribute 8.92% of their gross salary if they earn over \$20,000 a year and 7.42% of their gross salary if they earn \$20,000 or less a year. The Department is required to contribute 16.59% of their gross covered salary. In fiscal year 2015, the Department will contribute 16.99% of the gross covered salary of employees. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the fiscal years ending

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014**

NOTE 16. RETIREMENT PLANS (CONTINUED)

June 30, 2014, 2013 and 2012 were \$20,647,034, \$18,557,648, and \$16,652,361, respectively, which equal the amount of the required contributions for each fiscal year. All contributions withheld from participants by the Office have been paid to PERA who administers the plan.

Educational Retirement Board (ERB)

Plan Description

The Sequoyah Adolescent Treatment Center of the Department of Health's full-time employees participate in an educational employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) 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 (certified teachers, other employees of state public school districts, colleges and universities, and some state agency employees) and beneficiaries. ERB 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 ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy

Member Contributions

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.09% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.01% of their gross salary in fiscal year 2014; and 10.07% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

The Department of Health contributed 13.15% of gross covered salary in fiscal year 2014. In fiscal year 2015, the Department of Health will contribute 13.09% of gross covered salary.

The contribution requirements of plan members and the Department are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were \$22,097, \$13,138, and \$27,289, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 17. DEFERRED COMPENSATION

The State of New Mexico offers state, local government and school district employees a deferred compensation plan created in accordance with the 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 to participate in the plan. 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.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are the property of the participant.

Employees of the Department are making contributions to the Deferred Compensation Plan. Neither the Office nor the State of New Mexico makes any contributions to the Deferred Compensation Plan.

NOTE 18. POST-EMPLOYMENT BENEFITS

State Retiree Health Care Plan (RHCA)

Plan Description

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

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

**STATE OF NEW MEXICO
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 18. POST-EMPLOYMENT BENEFITS (CONTINUED)

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.

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 not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, 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 10-7C-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 Department's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$2,497,005, \$2,452,105 and \$2,250,115, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
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NOTE 19. RISK MANAGEMENT

The Department is exposed to various risks of loss related to tort, theft of, damage to, or destruction of assets, errors or omissions, employer obligations and natural disasters for which the Department carries insurance (Workers Compensation, Unemployment Compensation, Employee Liability, Transportation Property and Bond Premium) with the State of New Mexico Risk Management Division (RMD) of the General Services Department. Insurance premiums are allocated to and paid by all budgeted activities within the general fund. During the fiscal year ended June 30, 2014, the insurance premiums paid not including employee health insurance premiums to the Risk Management Division were \$5,720,742.

NOTE 20. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact of this pronouncement on its financial statements.

In January 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact of this pronouncement on its financial statements.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combination* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact (if any) of this pronouncement on its financial statements.

**STATE OF NEW MEXICO
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NOTE 21. CONTINGENCIES

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

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

In the case of civil actions or claims against the Department for financial damages, the Department's certificate of insurance with Risk Management does not cover civil rights claims for back wages but does cover civil rights claims for other compensatory damages.

J.M. through her next friend John Foley and JE. through her next friend Maria Fellin. on their own behalf and on behalf of a class of all other similarly-situated persons v. DOH. Los Lunas Center for Persons With Developmental Disabilities Planning Council, et al., CV-07-604 RB/ACT

Summary: The plaintiff is a former resident of the Los Lunas Hospital and Training School (LLHTS). This matter concerns the previous placement of persons with developmental disabilities from LLHTS and Fort Stanton into substitute placements, allegedly without proper discharge planning, monitoring or services. The Department of Health is represented by outside counsel (appointed by Risk), but penalties, fines, fees, and other litigation expenses are paid by the Department of Health.

Status: Order of Dismissal filed, but settlement agreement implementation continues. The Department has been before an agreed upon arbitrator after allegations that the Department. has failed to complete the terms of the settlement agreement. The fifth arbitration in this matter is set for early December.

Likely outcome: While the Department of Health is in good position to exit litigation, it is still vulnerable if the arbitrator finds that the Department did not carry out all settlement terms or did not do so in a timely manner. Failure by any of the many Department of Health participants to complete their obligations could perpetuate this lawsuit, which already entails more than \$100,000 in costs and fees annually.

Jackson v. Fort Stanton Hospital, et al. USDC No. CIV 87-0839 JP/LCS

Summary: In 1987, P&A filed a civil rights class action lawsuit, *Jackson v. Ft.*

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 21. CONTINGENCIES (CONTINUED)

Stanton Hospital and Training School, et. al., 757 F. Supp.1243 (D.N.M.1990), on behalf of 43 specific individuals and the class of residents residing at Los Lunas Hospital and Training School (LLH&TS) and Fort Stanton Hospital and Training School. The plaintiffs alleged both statutory (Rehab Act and ADA) and constitutional (14th Amendment due process) violations. The lawsuit was litigated in Federal District Court before Judge James A. Parker. Subsequent to judgment against defendants, there has been elaborate monitoring and oversight by plaintiff's counsel and Judge Parker. The Department of Health is represented by outside counsel (appointed by Risk), but penalties, fines, fees, and other litigation expenses are paid by the Department of Health.

Status: A Contempt Motion was filed by plaintiffs in July 2010 and an evidentiary hearing was held in the summer of 2011. In October of 2012, the Court found that while the Department of Health had made significant progress in many areas and that many factors including: changing Administration, state budgetary concerns, and aspirational language of prior orders all impacted the state's ability to complete all provisions necessary to disengage, the state was not yet in substantial compliance. The Court ordered that a Jackson Compliance Administrator (JCA) be appointed and that the parties work to end the lawsuit, with a target date of July 2014. Efforts to create "exit plans" which will create a system of care that will demonstrate substantial compliance with outstanding court orders was not completed before July of 2014. The court did issue an order in September of 2014 however, which adopted portions of the JCA's remedial plan, but also sustained numerous defense objections to portions of that plan. The Defendants, the DOH now have until mid-November to submit evaluative criteria for the courts and parties consideration which would quantify defendants' compliance with the plan.

Likely Outcome: Plaintiffs and court experts will be in place for a minimum of 24 more months and the routine costs associated with this litigation will continue for at least that timeframe as well. Annual costs are usually around \$5 million dollars.

John and Karin Waldrop et al. vs. NM Dept. of Health et al., No.1:14-cv-00047- JCH-KBM. U.S. District Court.

Summary: The plaintiffs are DO waiver-enrolled clients, together with their parents and legal guardians, and two advocacy organizations (DRNM and the Arc of NM). They are suing for declaratory and injunctive relief related to recent changes in the NM DO waiver Medicaid program. They are also seeking attorney's fees, expenses and costs incurred in this litigation pursuant to 42 U.S.C. §1988, Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. The Department is represented by outside counsel Jennifer Hall of the Miller Stratvert law firm.

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NOTE 21. CONTINGENCIES (CONTINUED)

Status: The case is currently in the discovery stage, and the parties have various motions pending.

Likely outcome: Although the case focuses on injunctive and declaratory relief, there is the potential for over \$100,000 in liability in the form of legal fees of opposing counsel. The Plaintiffs are represented by Maureen Sanders, Nancy Simmons and Jason Gordon.

Biomed Prescriptions et al. v. NM Dept. of Health et al.. No. D-101-CV-2011-01127, consolidated with D-101-CV-2012-01868, 1st Judicial District Court.

Summary: Several applicants for medical cannabis non-profit producer licensure sued DOH and other defendants, alleging Constitutional violations related to the denial of their applications, as well as breach of contract related

to the alleged breach of a mediation agreement that came out of the case. They seek monetary damages, declaratory relief. Several portions of the case have been dismissed, but other claims remain. The Department is represented by outside counsel Ellen Kelly of the Civerolo law firm.

Status: The Department has several motions to dismiss pending, which (if granted) would dismiss most if not all of the case. The motions have been pending for over one year, and are scheduled to be heard on November 19, 2014.

Likely outcome: Because the case concerns the business of several would-be non-profit producers, it is possible that monetary damages could exceed \$100,000 if the court finds in the plaintiffs' favor. However, it is extremely unlikely that any monetary damages will be awarded.

Estate of Alex Filemon Montoya.Deceased v NMDOH/NMBHI Tort Claim No.:2014-001

Summary: Ms. Rocha-De Grandara states that she is providing notice of a possible tort claim pursuant to NMSA 1978 41-4-1 against NMBHI for neglect and abuse in failing to ensure the safety of patients released from their facility and for negligence in finding adequate housing for patients suffering from mental health disorders. (This is the case in which a patient discharged from NMBHI later died at a boarding home from carbon monoxide poisoning).

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NOTE 21. CONTINGENCIES (CONTINUED)

Likely outcome: Due to the fact that the patient died the case could result in damages in excess of \$100,000.

D-101-PB-2013-0031 In the Matter of the Wrongful Death Estate of Jose Herrera

Summary: In a letter dated 6-26-12, attorney Archuleta stated that the brother and sister of the deceased intended to file a claim or lawsuit for injuries that their brother received on at NMBHI. He also asserted that there could be other acts of negligence on the part of the agency that may have contributed to the "accident" that might be compensable in Court.

Status: Petition for Appointment of Personal Representative to Investigate Wrongful Death Claim

Likely outcome: Due to the lack of information it is hard to determine the possible outcome of this case or possible amount of damages but damages could exceed \$100,000.

Jaramillo. Yvette and Willett. David v NMDOH/NMBHI.Tort Claim Notice No. 2014-003

Summary: The allegations indicate that Yvette Jaramillo has a claim for personal injury and David Willett is claiming loss of consortium. Mr. McKelvey states that these claims arise as a result of negligence of public employees licensed by the state or permitted by law to provide health care services while acting within the scope of their duties providing health care services and/or by public employees while acting within the scope of their duties in the operation of NMBHI during the period of June-July 2013, during which time Yvette Jaramillo suffered serious injury at NMBHI. Mr. McKelevy states that it is his understanding that investigations were performed by NMBHI and Disability Rights New Mexico and possibly law enforcement.

Louise Segura v NMDOH/NMBHI D-412-CV-2014-00372

The allegations in the complaint are that the plaintiff was not employed when an Incident took place between a staff member and a resident. Disciplinary action was taken with a 2 week suspension, as a result of the retaliatory acts of Defendant, Plaintiff alleges she has suffered harm in the form of lost wages and benefits and emotional distress.

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NOTE 21. CONTINGENCIES (CONTINUED)

Crystal Ortiz v NMDOH Turquoise Lodge (TLH) RMD NO.: 1201285-000.OGC Tort Claim Notice 2013-010

Summary: Plaintiff was resident at TLH for treatment of alcohol and substance abuse. While still a resident, plaintiff alleged her counselor, Eugene Hinojos raped her. Plaintiff alleges that Hinojos continued to sexually molest her after discharge using emotional and psychological pressure her to stay with him at his residence, which she claims resulted in her pregnancy. Plaintiff named the Department and also named Hinojos personally in her lawsuit.

Status: Pending.

Potential Outcome: Claims against DOH could exceed \$100,000, although they are not likely to survive summary judgment.

Vanley.Leticia.Individually and as Personal Representative of the Estate of Jackie Vanley.Deceased.OGC TORT CLAIM NOTICE NO. 2012-012,RMD No.1201130-000

Summary: Decedent was resident at NM State Veteran's Home in Truth or Consequences, NM. Decedent, who was catatonic, received third degree burns from exposure to overheated water in therapy pool. Decedent died as a result.

Status: Case pending in District Court while the Department of Health and Risk Management work to see what may be possible for settlement. Current demand is for \$750,000.

Potential Outcome: Claims include wrongful death, negligence, gross negligence, abuse, neglect, damages, punitive damages, and attorney fees. There are essentially no affirmative or procedural defenses available and the staff member was prosecuted and convicted of gross negligence resulting in death. The best outcome would be to settle at or below the demand of \$750,000. The potential outcome of a full jury trial may entail damage awards between \$500,000 and \$1 million, attorney fees for opposing counsel at or near \$500,000, in addition to defense counsel fees of nearly \$1 million.

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NOTE 21. CONTINGENCIES (CONTINUED)

Megan Sommerville v. New Mexico Behavioral Health Institute. Case No.: D-412- CV-2014-00134.

Summary: Plaintiff alleges that on or about May 4, 2012, she was discharged from NMBHI (had not completed her 30-day commitment) and that staff arranged for her to be transported to a homeless shelter in Las Cruces. Plaintiff alleges that at the time of her release she was a danger to herself and others because she still required mental health services. Plaintiff feigned vomiting due to stomach pains and when she got out of the vehicle, she ran to the overpass over Interstate 1-25. She jumped onto the highway, resulting in significant injuries to herself. She alleges that at all relevant times she was in the care, custody, and control of NMBHI for the purpose of receiving mental healthcare services.

Status: Pending; in discovery.

Potential Outcome: Damages in this case could exceed \$100,000.

Rachel Higgins, Personal Representative of the Estate of Mary Jane Paiz-Piedra, deceased v. Sunrise Mental Health Center and Eastern New Mexico Medical Center, Inc., Second Judicial District Court Case No. D-202-CV-2011-08924

Summary: Wrongful death case against the NM Behavioral Health Institute and others.

Status: A Motion for Summary Judgment is pending, and a hearing date has been requested.

Potential outcome: Damages in this case could exceed \$100,000.

Kathy Valdez as Power of Attorney for C.V.. Plaintiff: New Mexico Behavioral Health Institute, State of New Mexico, and Troy Jones, Defendants: Case No. D- 101-CV-2014-01578

Summary: Complaint for Negligence, Negligence Per SE, and Assault

Status: Pending; in discovery.

Likely outcome: Damages in this case could exceed \$100,000.

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NOTE 21. CONTINGENCIES (CONTINUED)

Danny Stanfield v.NMDOH/NMBHI. Fourth Judicial District Court.Case No.: D- 412-CV-2013-00414,RMD No.: 1200312-000

Summary: Patient at NMBHI is suing NMBHI and the State of NM for negligence related to an assault on the patient by a fellow patient. The patient is alleged to have suffered broken bones, bruising, cuts, a concussion, and severe pain.

Status: Pending; in discovery.

Likely outcome: Damages in this case could exceed \$100,000.

Vigil. Patricia J.v NMDOH.Fourth Distri ct Court Case No. D-412-CV-2012-00279

Summary: Notice of Appeal From Human Rights Bureau and Complaint For Discrimination and Retaliation Pursuant to the New Mexico Human Rights Act, The Whistleblower Protection Act and the Fraud Against Taxpayer's Act.

Status: Pending, in discovery. Set for May 2015 trial date. Likely outcome: Damages in this case could exceed \$100,000.

The Estate of Charlie D.Mariner.deceased v NMDOH/ Paloma Blanca Health and Rehabilitation.OGC RMD NO.:1300448-000,002,003,004/Tort Claim Notice 2013-004

Summary: The hand written notes by the four persons making claims indicate that the actions/inactions and conduct/misconduct of agencies contributed to the death of Charlie D. Mariner. Failure to investigate the death of Charlie D. Mariner,(no specifics as to how the agencies failed to investigate the death of Charlie D. Mariner are listed).

Status: Pending.

Likely outcome: Damages in this case could exceed \$100,000.

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DEPARTMENT OF HEALTH
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NOTE 21. CONTINGENCIES (CONTINUED)

Shanowah Harris Taylor and Steven Taylor.v NMDOH.Board of Commissioners of Quay County.Quay County Public Health Office.Ronda R. Anaya and Margaret Gallaher,M.D. Case No.: D-1010-CV-2014-00003

Summary: This case arises from a Quay County public health office, after an IUD was implanted in Mrs. Harris while she was pregnant with triplets, resulting in a miscarriage of the triplets. Plaintiffs filed a complaint for Negligence on January 7, 2014. The claims include medical negligence, wrongful death, as well as loss of consortium for the close family members of Steven Taylor and Shanowah Harris's deceased triplet infants, named Michael Charles, Chloe Lorraine, and Jacqueline Candelaria.

Status: Case pending in District Court. Procedurally, the parties have stipulated to a dismissal against defendant Maggi Gallaher; stipulated a dismissal of all claims of plaintiff Steven Taylor; stipulated dismissal of claims for punitive damages; and dismissal of loss of consortium claims.

Potential outcome: Damages in this case could exceed \$100,000.

Mares.Gwendolyn.RMD No. 1300172-000

Summary: The TNC states the allegation that on or about August 9, 2012, Resident fell while sleeping and suffered a bodily injury including a right hip fracture-surgery was performed on hip and two screws were put in. It is alleged that resident has a history of seizures and loss of memory and that bed railings should have been in place but were not until after the incident.

Status: Pending.

Likely outcome: Damages in this case could exceed \$100,000.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
COMBINING BALANCE SHEET - BY FUND TYPE
NON - MAJOR GOVERNMENTAL FUNDS
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	Special Revenue Funds						Total Special Revenue Funds
	Medical Cannabis Program Fund 11415	County Supported Medicaid Fund 21900	Trauma System Fund 25700	Save our Children's Sight Fund 26100	Emergency Medical Services Fund 75600	Birthing Workforce Retention Fund 95800	
ASSETS:							
Investment in SGFIP	\$ 102,442	\$ 2,826,026	\$ 537,890	\$ 236,065	\$ 618,174	\$ 59,500	\$ 4,380,997
Due from other funds	-	-	2,643	-	-	-	2,643
Due from other state agencies	-	419,752	-	-	-	-	419,752
TOTAL ASSETS	\$ 102,442	\$ 3,245,778	\$ 540,533	\$ 236,065	\$ 618,174	\$ 59,500	\$ 4,802,492
LIABILITIES:							
Accounts payable	\$ 17,171	\$ 211,200	\$ 249,459	\$ -	\$ 12,162	\$ -	\$ 489,992
Accrued payroll	5,014	-	1,697	-	1,943	-	8,654
Cash Overdraft	-	-	-	-	-	-	-
Due to state general fund	80,114	-	-	-	-	-	80,114
Due to other funds	-	-	-	-	-	-	-
Due to other state agencies	143	-	-	-	-	-	143
Due to Local governments	-	-	-	-	13,504	-	13,504
Unrealized revenue	-	-	-	-	-	-	-
TOTAL LIABILITIES	102,442	211,200	251,156	-	27,609	-	592,407
FUND BALANCES:							
Restricted	-	3,034,578	289,377	236,065	590,565	59,500	4,210,085
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	3,034,578	289,377	236,065	590,565	59,500	4,210,085
TOTAL LIABILITIES AND FUND BALANCES	\$ 102,442	\$ 3,245,778	\$ 540,533	\$ 236,065	\$ 618,174	\$ 59,500	\$ 4,802,492

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
COMBINING BALANCE SHEET - BY FUND TYPE
NON - MAJOR GOVERNMENTAL FUNDS
As of June 30, 2014

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Capital Project Funds					
	Capital Projects Fund 05900	Severance Tax Bond Fund 89200	Capital Lease Bond Fund 20480	Total Capital Project Funds	Total Non-Major Funds
ASSETS:					
Investment in SGFIP	\$ 153,470	\$ -	\$ 181	\$ 153,651	\$ 4,533,748
Due from other funds	-	-	-	-	2,643
Due from other state agencies	-	269,442	-	269,442	689,194
TOTAL ASSETS	\$ 153,470	\$ 269,442	\$ 181	\$ 423,093	\$ 5,225,585
LIABILITIES:					
Accounts payable	\$ -	\$ 136,266	\$ -	\$ 136,266	\$ 626,258
Accrued payroll	-	-	-	-	8,654
Cash Overdraft	-	133,176	-	133,176	133,176
Due to state general fund	153,470	-	181	153,651	233,765
Due to other funds	-	-	-	-	-
Due to other state agencies	-	-	-	-	143
Due to Local governments	-	-	-	-	13,504
Unrealized revenue	-	-	-	-	-
TOTAL LIABILITIES	153,470	269,442	181	423,093	1,015,500
FUND BALANCES:					
Restricted	-	-	-	-	4,210,085
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-	4,210,085
TOTAL LIABILITIES AND FUND BALANCES	\$ 153,470	\$ 269,442	\$ 181	\$ 423,093	\$ 5,225,585

STATE OF NEW MEXICO
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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BY FUND TYPE
NON - MAJOR GOVERNMENTAL FUNDS
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	Special Revenue						Total Special Revenue Funds
	Medical Cannabis Program Fund 11415	County-Supported Medicaid Fund 21900	Trauma System Fund 25700	Save our Children's Sight Fund 26100	Emergency Medical Services Fund 75600	Birthing Workforce Retention Fund 95800	
REVENUES:							
<i>Fees, penalties, rentals and other</i>	\$ 769,966	\$ 3,034,578	\$ 52,655	\$ -	\$ 102,062	\$ -	\$ 3,959,261
TOTAL REVENUES	769,966	3,034,578	52,655	-	102,062	-	3,959,261
EXPENDITURES:							
<i>Current operating:</i>							
<i>Administration</i>	-	-	-	-	-	-	-
<i>Public Health</i>	-	2,353,954	-	-	-	-	2,353,954
<i>Facilities Management</i>	-	-	-	-	-	-	-
<i>Epidemiology and response</i>	-	-	4,199,022	-	3,374,478	-	7,573,500
<i>Other health initiatives</i>	661,850	-	-	-	-	-	661,850
<i>Capital lease principal payment</i>	-	-	-	-	-	-	-
<i>Capital lease interest payment</i>	-	-	-	-	-	-	-
<i>Capital outlay</i>	28,002	-	-	-	-	-	28,002
TOTAL EXPENDITURES	689,852	2,353,954	4,199,022	-	3,374,478	-	10,617,306
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	80,114	680,624	(4,146,367)	-	(3,272,416)	-	(6,658,045)
OTHER FINANCING SOURCES (USES):							
<i>General fund appropriations</i>	-	-	3,946,200	-	3,073,100	31,300	7,050,600
<i>County-supported Medicaid</i>	-	2,353,954	-	-	-	-	2,353,954
<i>Severance Tax/GOB appropriation</i>	-	-	-	-	-	-	-
<i>Reversion - FY2014 - transfers out</i>	(80,114)	-	-	-	-	-	(80,114)
<i>Inter-agency transfers, net</i>	-	-	-	52,924	-	-	52,924
TOTAL OTHER FINANCING SOURCES AND USES	(80,114)	2,353,954	3,946,200	52,924	3,073,100	31,300	9,377,364
NET CHANGE IN FUND BALANCES	-	3,034,578	(200,167)	52,924	(199,316)	31,300	2,719,319
FUND BALANCES, BEGINNING OF YEAR	-	-	489,544	183,141	789,881	28,200	1,490,766
FUND BALANCES, END OF YEAR	\$ -	\$ 3,034,578	\$ 289,377	\$ 236,065	\$ 590,565	\$ 59,500	\$ 4,210,085

STATE OF NEW MEXICO
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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BY FUND TYPE
NON - MAJOR GOVERNMENTAL FUNDS
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	Capital Projects				
	Capital Projects Fund 05900	Severance Tax Bond Fund 89200	Capital Lease Bond Fund 20480	Total Capital Project Funds	Total Non-Major Funds
REVENUES:					
<i>Fees, penalties, rentals and other</i>	\$ -	\$ -	\$ -	\$ -	\$ 3,959,261
TOTAL REVENUES	-	-	-	-	3,959,261
EXPENDITURES:					
<i>Current operating:</i>					
<i>Administration</i>	-	-	-	-	-
<i>Public Health</i>	-	-	-	-	2,353,954
<i>Facilities Management</i>	-	260,790	-	260,790	260,790
<i>Epidemiology and response</i>	-	-	-	-	7,573,500
<i>Other health initiatives</i>	-	-	-	-	661,850
<i>Capital lease principal payment</i>	-	-	1,170,000	1,170,000	1,170,000
<i>Capital lease interest payment</i>	-	-	2,879,819	2,879,819	2,879,819
<i>Capital outlay</i>	-	573,340	-	573,340	601,342
TOTAL EXPENDITURES	-	834,130	4,049,819	4,883,949	15,501,255
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(834,130)	(4,049,819)	(4,883,949)	(11,541,994)
OTHER FINANCING SOURCES (USES):					
<i>General fund appropriations</i>	-	-	4,050,000	4,050,000	11,100,600
<i>County-supported Medicaid</i>	-	-	-	-	2,353,954
<i>Severance Tax/GOB appropriation</i>	-	834,130	-	834,130	834,130
<i>Reversion - FY2014 - transfers out</i>	-	-	(181)	(181)	(80,295)
<i>Inter-agency transfers, net</i>	-	-	-	-	52,924
TOTAL OTHER FINANCING SOURCES AND USES	-	834,130	4,049,819	4,883,949	14,261,313
NET CHANGE IN FUND BALANCES	-	-	-	-	2,719,319
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	1,490,766
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 4,210,085

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
OTHER NON-MAJOR GOVERNMENTAL FUNDS
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

MEDICAL CANNABIS FUND 11415				
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State General Fund Appropriation	-	-	-	-
Other state funds	780,000	780,000	769,966	(10,034)
Inter-agency transfers	-	-	-	-
TOTAL REVENUES	\$ 780,000	\$ 780,000	\$ 769,966	\$ (10,034)
EXPENDITURES - current:				
Personal services and employee benefits	\$ 534,200	\$ 534,200	\$ 521,842	\$ 12,358
Contractual services	80,500	100,500	98,290	2,210
Other	165,300	145,300	69,720	75,580
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 780,000	\$ 780,000	689,852	\$ 90,148
EXCESS OF REVENUES OVER EXPENDITURES			80,114	
REVERSIONS (NOT BUDGETED)			80,114	
NET CHANGE IN FUND BALANCE			\$ -	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
OTHER NON - MAJOR GOVERNMENTAL FUNDS
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	COUNTY-SUPPORTED MEDICAID FUND 21900			
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State General Fund Appropriation	-	-	-	-
Other state funds	-	-	3,034,578	3,034,578
Inter-agency transfers	2,800,000	2,800,000	2,353,954	(446,046)
TOTAL REVENUES	\$ 2,800,000	\$ 2,800,000	\$ 5,388,532	\$ 2,588,532
EXPENDITURES - current:				
Personal services and employee benefits	\$ 69,500	\$ 69,500	\$ -	\$ 69,500
Contractual services	2,730,500	2,730,500	2,353,954	376,546
Other	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 2,800,000	\$ 2,800,000	2,353,954	\$ 446,046
EXCESS OF REVENUES OVER EXPENDITURES			<u>3,034,578</u>	
NET CHANGE IN FUND BALANCE			<u>\$ 3,034,578</u>	

STATE OF NEW MEXICO
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BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	TRAUMA SYSTEM FUND 25700			
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State General Fund Appropriation	3,946,200	3,946,200	3,946,200	-
Other state funds	-	-	52,655	52,655
Inter-agency transfers	-	-	-	-
TOTAL REVENUES	3,946,200	3,946,200	3,998,855	52,655
Budgeted fund balance	-	411,162	-	(411,162)
TOTAL REVENUES AND FUND BALANCE BUDGETED	\$ 3,946,200	\$ 4,357,362	\$ 3,998,855	\$ (358,507)
EXPENDITURES - current:				
Personal services and employee benefits	\$ 146,800	\$ 146,800	\$ 146,800	\$ -
Contractual services	96,700	161,577	122,087	39,490
Other	3,702,700	4,048,985	3,930,135	118,850
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 3,946,200	\$ 4,357,362	4,199,022	\$ 158,340
EXCESS OF EXPENDITURES OVER REVENUES			(200,167)	
NET CHANGE IN FUND BALANCE			\$ (200,167)	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
OTHER NON - MAJOR GOVERNMENTAL FUNDS
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

SAVE OUR CHILDREN'S SIGHT FUND 26100				
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State General Fund Appropriation	-	-	-	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	52,924	52,924
TOTAL REVENUES	\$ -	\$ -	\$ 52,924	\$ 52,924
EXPENDITURES - current:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ -	-	\$ -
 EXCESS OF REVENUES OVER EXPENDITURES			 52,924	
NET CHANGE IN FUND BALANCE			\$ 52,924	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
OTHER NON - MAJOR GOVERNMENTAL FUNDS
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	EMERGENCY MEDICAL SERVICES FUND 75600			
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State General Fund Appropriation	3,073,100	3,073,100	3,073,100	-
Other state funds	-	-	102,062	102,062
Inter-agency transfers	-	-	-	-
TOTAL REVENUES	<u>3,073,100</u>	<u>3,073,100</u>	<u>3,175,162</u>	<u>102,062</u>
Budgeted fund balance	-	400,000	-	(400,000)
TOTAL REVENUES AND FUND BALANCE BUDGETED	<u>\$ 3,073,100</u>	<u>\$ 3,473,100</u>	<u>\$ 3,175,162</u>	<u>\$ (297,938)</u>
EXPENDITURES - current:				
Personal services and employee benefits	\$ 184,500	\$ 184,500	\$ 141,167	\$ 43,333
Contractual services	75,400	75,400	60,703	14,697
Other	2,813,200	3,213,200	3,172,608	40,592
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 3,073,100</u>	<u>\$ 3,473,100</u>	<u>3,374,478</u>	<u>\$ 98,622</u>
EXCESS OF EXPENDITURES OVER REVENUES			(199,316)	
NET CHANGE IN FUND BALANCE			<u>\$ (199,316)</u>	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
OTHER NON - MAJOR GOVERNMENTAL FUNDS
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	BIRTHING WORKFORCE RETENTIONS FUND 95800			
	<u>Budgeted Amounts</u>		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State General Fund Appropriation	31,300	31,300	31,300	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
TOTAL REVENUES	<u>\$ 31,300</u>	<u>\$ 31,300</u>	<u>\$ 31,300</u>	<u>\$ -</u>
EXPENDITURES - current:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	31,300	31,300	-	31,300
Other	-	-	-	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 31,300</u>	<u>\$ 31,300</u>	<u>-</u>	<u>\$ 31,300</u>
EXCESS OF REVENUES OVER EXPENDITURES			<u>31,300</u>	
NET CHANGE IN FUND BALANCE			<u>\$ 31,300</u>	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
CAPITAL PROJECTS FUND
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

CAPITAL PROJECTS FUND 05900					
Budgeted Amounts					
	Life-to-Date Budgeted Amounts to FY 2014	FY 2014 Original Carry Forward	FY 2014 Final Carry Forward plus additions	Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
REVENUES:					
Severance tax / GOB bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	-	-	-
Inter-agency transfers	-	-	-	-	-
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES - current & capital outlay:					
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-	-
Other	-	-	-	-	-
Other financing uses	-	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -
EXCESS OF REVENUES OVER EXPENDITURES					-
REVERSIONS NOT BUDGETED					-
NET CHANGE IN FUND BALANCE				\$ -	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
OTHER NON - MAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	SEVERANCE TAX BONDS FUND 89200			
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State general fund appropriation	-	-	-	-
Other state funds	-	-	-	-
Severance tax bonds	900,000	900,000	834,130	(65,870)
Inter-agency transfers	-	-	-	-
TOTAL REVENUES	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>\$ 834,130</u>	<u>\$ (65,870)</u>
EXPENDITURES - current:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	900,000	900,000	834,130	65,870
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 900,000</u>	<u>\$ 900,000</u>	<u>834,130</u>	<u>\$ 65,870</u>
EXCESS OF REVENUES OVER EXPENDITURES			<u>-</u>	
NET CHANGE IN FUND BALANCE			<u>\$ -</u>	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES -
OTHER NON - MAJOR GOVERNMENTAL CAPITAL PROJECT FUNDS - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

CAPITAL LEASE FUND 20480				
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
General fund	4,050,000	4,050,000	4,050,000	-
Other state funds	-	-	-	-
Inter-agency transfers	-	-	-	-
TOTAL REVENUES	\$ 4,050,000	\$ 4,050,000	\$ 4,050,000	\$ -
EXPENDITURES - current:				
Personal services and employee benefits	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Other	4,050,000	4,050,000	4,049,819	181
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 4,050,000	\$ 4,050,000	4,049,819	\$ 181
EXCESS OF REVENUES OVER EXPENDITURES			181	
REVERSIONS (NOT BUDGETED)			181	
NET CHANGE IN FUND BALANCE			\$ -	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
COMBINING GENERAL FUND BY PROGRAM
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	PROGRAM P001 - ADMINISTRATION			
	<u>Budgeted Amounts</u>		<u>Amounts (Budgetary Basis)</u>	<u>Final Budget Positive (Negative)</u>
	Original	Final		
REVENUES:				
Federal funds	\$ 5,335,500	\$ 5,695,704	\$ 3,577,794	\$ (2,117,910)
State General fund Appropriation	12,163,800	12,163,800	12,163,800	-
Other state funds	50,600	533,262	193,815	(339,447)
Inter-agency transfers	675,000	675,000	601,472	(73,528)
TOTAL REVENUES	\$ 18,224,900	\$ 19,067,766	\$ 16,536,881	\$ (2,530,885)
EXPENDITURES - current:				
Personal services and employee benefits	\$ 9,579,000	\$ 9,807,900	\$ 9,744,641	\$ 63,259
Contractual services	3,770,500	3,803,377	3,637,178	166,199
Other	4,875,400	5,456,489	5,293,403	163,086
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 18,224,900	\$ 19,067,766	18,675,222	\$ 392,544
EXCESS OF EXPENDITURES OVER REVENUES			(2,138,341)	
REVERSIONS (NOT BUDGETED)			(2,363,066)	
NET CHANGE IN FUND BALANCE			<u>\$ 224,725</u>	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
COMBINING GENERAL FUND BY PROGRAM
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	PROGRAM P002 - PUBLIC HEALTH			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ 79,354,500	\$ 80,040,367	\$ 65,370,576	\$ (14,669,791)
State General fund Appropriation	67,536,000	64,845,140	64,845,140	-
Other state funds	27,074,000	29,145,300	30,698,097	1,552,797
Inter-agency transfers	12,916,800	12,916,800	12,462,204	(454,596)
TOTAL REVENUES	<u>186,881,300</u>	<u>186,947,607</u>	<u>173,376,017</u>	<u>(13,571,590)</u>
Budgeted Fund Balance	-	1,315,686	-	(1,315,686)
TOTAL REVENUES AND FUND BALANCE BUDGETED	<u>\$ 186,881,300</u>	<u>\$ 188,263,293</u>	<u>\$ 173,376,017</u>	<u>\$ (14,887,276)</u>
EXPENDITURES - current:				
Personal services and employee benefits	\$ 55,233,000	\$ 53,589,000	\$ 50,939,334	\$ 2,649,666
Contractual services	46,832,700	48,388,253	43,883,321	4,504,932
Other	84,213,000	85,683,440	75,592,806	10,090,634
Other financing uses	602,600	602,600	602,600	-
TOTAL EXPENDITURES	<u>\$ 186,881,300</u>	<u>\$ 188,263,293</u>	<u>171,018,061</u>	<u>\$ 17,245,232</u>
EXCESS OF REVENUES OVER EXPENDITURES			2,357,956	
REVERSIONS (NOT BUDGETED)			<u>(2,977,654)</u>	
NET CHANGE IN FUND BALANCE			<u>\$ 5,335,609</u>	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
COMBINING GENERAL FUND BY PROGRAM
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

PROGRAM P003 - EPIDEMIOLOGY AND RESPONSE				
	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ 14,645,100	\$ 14,565,100	\$ 11,568,647	\$ (2,996,453)
State General fund Appropriation	8,352,600	8,352,600	8,352,600	-
Other state funds	1,048,300	1,048,300	1,278,811	230,511
Inter-agency transfers	160,600	860,769	491,505	(369,264)
TOTAL REVENUES	24,206,600	24,826,769	21,691,563	(3,135,206)
Budgeted fund balance	-	400,000	-	(400,000)
TOTAL REVENUES AND FUND BALANCE BUDGETED	\$ 24,206,600	\$ 25,226,769	\$ 21,691,563	\$ (3,535,206)
EXPENDITURES - current:				
Personal services and employee benefits	\$ 11,885,200	\$ 12,170,885	\$ 11,188,936	\$ 981,949
Contractual services	5,551,300	5,750,000	4,077,399	1,672,601
Other	6,770,100	7,305,884	6,622,320	683,564
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 24,206,600	\$ 25,226,769	21,888,655	\$ 3,338,114
EXCESS OF EXPENDITURES OVER REVENUES			(197,092)	
REVERSIONS (NOT BUDGETED)			2,813,797	
NET CHANGE IN FUND BALANCE			<u>\$ (3,010,889)</u>	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
COMBINING GENERAL FUND BY PROGRAM
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	PROGRAM P004 - LABORATORY SERVICES			
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ 2,138,700	\$ 2,570,908	\$ 2,238,669	\$ (332,239)
State General fund Appropriation	7,606,100	7,444,100	7,444,100	-
Other state funds	2,837,500	2,772,900	2,695,147	(77,753)
Inter-agency transfers	-	-	-	-
TOTAL REVENUES	\$ 12,582,300	\$ 12,787,908	\$ 12,377,916	\$ (409,992)
EXPENDITURES - current:				
Personal services and employee benefits	\$ 7,880,500	\$ 7,805,500	\$ 7,704,025	\$ 101,475
Contractual services	190,800	255,200	246,538	8,662
Other	4,511,000	4,727,208	4,404,462	322,746
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 12,582,300	\$ 12,787,908	12,355,025	\$ 432,883
EXCESS OF REVENUES OVER EXPENDITURES			22,891	
REVERSIONS (NOT BUDGETED)			262,402	
NET CHANGE IN FUND BALANCE			\$ (239,511)	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
COMBINING GENERAL FUND BY PROGRAM
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	PROGRAM P006 -FACILITIES MANAGEMENT			
	Budgeted		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Fund 061 Program 6		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State General fund Appropriation	64,473,400	61,306,800	65,356,800	-
Other state funds	73,893,100	71,551,368	71,551,368	(3,180,932)
Other financing sources	-	-	-	-
Inter-agency transfers	716,000	715,958	715,958	(42)
TOTAL REVENUES	\$ 139,082,500	\$ 133,574,126	\$ 137,624,126	\$ (3,180,974)
EXPENDITURES - current:				
Personal services and employee benefits	\$ 107,290,300	\$ 102,926,804	\$ 102,926,804	\$ 3,846
Contractual services	9,499,500	12,716,751	12,716,751	541,199
Other	18,242,700	19,911,808	19,911,808	654,692
Other financing uses	-	-	-	-
Capital Lease Principal Payments	1,170,000	-	1,170,000	-
Capital Lease Interest Payments	2,880,000	-	2,879,819	181
	-	-	-	-
TOTAL EXPENDITURES	\$ 139,082,500	\$ 135,555,363	139,605,182	\$ 1,199,918
EXCESS OF EXPENDITURES OVER REVENUES			(1,981,056)	
REVERSIONS (NOT BUDGETED)			(1,904,405)	
NET CHANGE IN FUND BALANCE			<u>\$ (76,651)</u>	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
COMBINING GENERAL FUND BY PROGRAM
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

PROGRAM P007 - DEVELOPMENT DISABILITIES SUPPORT SERVICES				
	Budgeted Amounts Original	Fund 061	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Federal funds	\$ 2,805,200	\$ 3,577,488	\$ 3,577,488	\$ (119,712)
State General fund Appropriation	137,676,500	139,660,360	139,660,360	-
Other state funds	1,200,000	1,826,950	1,826,950	626,950
Inter-agency transfers	8,066,400	7,131,519	7,506,219	(2,019,364)
TOTAL REVENUES	149,748,100	152,196,317	152,571,017	(1,512,126)
Budgeted fund balance	-	-	-	(2,249,990)
TOTAL REVENUES AND FUND BALANCE BUDGETED	\$ 149,748,100	\$ 152,196,317	\$ 152,571,017	\$ (3,762,116)
EXPENDITURES - current:				
Personal services and employee benefits	\$ 11,315,500	\$ 11,379,095	\$ 11,550,869	\$ 524,905
Contractual services	18,603,000	18,472,276	20,379,442	896,867
Other	19,538,600	22,058,347	22,604,097	85,953
Other financing uses	100,291,000	94,764,464	94,764,464	5,526,536
TOTAL EXPENDITURES	\$ 149,748,100	146,674,182	149,298,872	\$ 7,034,261
EXCESS OF REVENUES OVER EXPENDITURES			3,272,145	
REVERSIONS (NOT BUDGETED)			5,520,257	
NET CHANGE IN FUND BALANCE			\$ (2,248,112)	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES -
COMBINING GENERAL FUND BY PROGRAM
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	PROGRAM P008 - DIVISION OF HEALTH IMPROVEMENT			
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ 2,967,900	\$ 2,967,900	\$ 2,727,072	\$ (240,828)
State General fund Appropriation	4,462,200	4,472,800	4,472,800	-
Other state funds	2,800,000	2,188,100	2,407,778	219,678
Inter-agency transfers	3,444,900	3,444,900	3,258,078	(186,822)
TOTAL REVENUES	\$ 13,675,000	\$ 13,073,700	\$ 12,865,728	\$ (207,972)
EXPENDITURES - current:				
Personal services and employee benefits	\$ 9,934,000	\$ 9,039,500	\$ 8,704,466	\$ 335,034
Contractual services	946,600	1,279,200	1,048,455	230,745
Other	2,794,400	2,755,000	2,552,757	202,243
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 13,675,000	\$ 13,073,700	12,305,678	\$ 768,022
EXCESS OF REVENUES OVER EXPENDITURES			560,050	
REVERSIONS (NOT BUDGETED)			559,232	
NET CHANGE IN FUND BALANCE			\$ 818	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES -
COMBINING GENERAL FUND BY PROGRAM
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	PROGRAM P787 - Medical Cannabis			
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State General fund Appropriation	-	-	-	-
Other state funds	780,000	780,000	769,966	(10,034)
Inter-agency transfers	-	-	-	-
TOTAL REVENUES	\$ 780,000	\$ 780,000	\$ 769,966	\$ (10,034)
EXPENDITURES - current:				
Personal services and employee benefits	\$ 534,200	\$ 534,200	\$ 524,042	\$ 10,158
Contractual services	80,500	100,500	98,290	2,210
Other	165,300	145,300	67,520	77,780
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 780,000	\$ 780,000	689,852	\$ 90,148
 EXCESS OF REVENUES OVER EXPENDITURES			 80,114	
REVERSIONS (NOT BUDGETED)			80,114	
NET CHANGE IN FUND BALANCE			\$ -	

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES
COMBINING GENERAL FUND BY PROGRAM
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
Year Ended June 30, 2014

	Special Appropriations			
	Budgeted Amounts		Amounts (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Federal funds	\$ -	\$ -	\$ -	\$ -
State General fund Appropriation	-	25,000	25,000	-
Other state funds	-	-	-	-
Inter-agency transfers	374,700	374,700	374,700	-
TOTAL REVENUES	374,700	399,700	399,700	-
Budgeted Fund Balance	2,349,990	2,349,990	-	(2,349,990)
TOTAL REVENUES AND FUND BALANCE BUDGETED	\$ 2,724,690	\$ 2,749,690	\$ 399,700	\$ (2,349,990)
EXPENDITURES - current:				
Personal services and employee benefits	\$ 343,700	\$ 171,774	\$ 171,774	\$ -
Contractual services	881,300	2,032,166	1,988,216	43,950
Other	1,499,690	545,750	545,750	-
Other financing uses	-	-	-	-
TOTAL EXPENDITURES	\$ 2,724,690	\$ 2,749,690	2,705,740	\$ 43,950
EXCESS OF EXPENDITURES OVER REVENUES			(2,306,040)	
REVERSIONS (NOT BUDGETED)			18,950	
NET CHANGE IN FUND BALANCE			<u>\$ (2,324,990)</u>	

This special appropriation is included in Program 7 Budget and Actual (Modified Accrual Budgetary GAAP Basis) as well.

**OTHER SUPPLEMENTARY INFORMATION –
SCHEDULES REQUIRED UNDER 2.2.2 NMAC**

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SUPPLEMENTAL SCHEDULE OF INDIVIDUAL DEPOSITS
As of June 30, 2014

Schedule 1

Account Title	Depository	Balance per Bank	Reconciling Items	Reconciled Balance per Books
Petty Cash Accounts by Region (cash accounts - 104900):				
DOH - Bureau/Programs		\$ 1,426	\$ 124	\$ 1,550
DOH - Facilities		3,873	1,642	5,515
Region I Offices		300	-	300
Region II Offices		468	7	475
Region III Offices		350	-	350
Region IV Offices		520	5	525
Region V Offices		525	-	525
Closed Accounts still in SHARE		(495)	-	(495)
Total Petty Cash Accounts by Region		6,967	1,778	8,745
Other Cash Account still in SHARE		-	(25)	(25)
Childrens Medical Services Bank Accounts (checking accounts - 102900):				
Alamogordo	First National Bank of Alamogordo	600	-	600
Artesia	Wells Fargo Bank	242	133	375
Carlsbad	Carlsbad National Bank	820	(20)	800
Clovis	NM Bank & Trust - Clovis	723	(123)	600
Deming	Wells Fargo Bank	1,000	-	1,000
Dona Ana County	Wells Fargo Bank	1,150	-	1,150
Hobbs	Wells Fargo Bank	802	(2)	800
Las Cruces Regional Office	Wells Fargo Bank	700	-	700
Rio Arriba	Valley National Bank, Espanola	500	-	500
Roswell	Wells Fargo Bank	1,011	(11)	1,000
San Miguel	Southwest Capital Bank	581	(81)	500
Santa Fe	Wells Fargo Bank	543	(43)	500
Silver City	Wells Fargo Bank	600	-	600
Sunland	Wells Fargo Bank	600	-	600
Taos	US Bank	400	-	400
Tucumcari	Wells Fargo Bank	600	-	600
Total Childrens Medical Services		10,872	(147)	10,725

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SUPPLEMENTAL SCHEDULE OF INDIVIDUAL DEPOSITS
As of June 30, 2014

Schedule 1

Account Title	Depository	Balance per Bank	Reconciling Items	Reconciled Balance per Books
The Title X/Family Planning Depository Clearing (checking accounts - 102900):				
<i>*DOH CLOSED Five (5) of the remaining Ten (10) Title X/Family Planning Accounts in 2014.</i>				
Clayton	Farmers' and Stockmen's Bank, Clayt	100	-	100
Ft. Sumner	Citizens Bank of Clovis, Ft. Sumner	100	-	100
Lordsburg	Western Bank, Lordsburg	100	-	100
Roswell	Wells Fargo Bank <i>CLOSED 7/1/13</i>	-	72	72
T or C	Bank of the Southwest, T or C	100	-	100
Taos	US Bank	127	-	127
Total Title X/Family Planning		527	72	599
District Health Office Totals		11,399	(75)	11,324
General Fund Bank Accounts (checking accounts):				
NMBHI-Revolving	Community 1st Bank	203,629	-	203,629
FBMC	Bank of America	-	(500)	(500)
Turquoise Lodge	Bank of the West	387	-	387
NMSVH	Bank of the Southwest, T or C	3,609	-	3,609
Total General Fund Bank Accounts		207,625	(500)	207,125
Total General Fund, including District Health Offices (Not Including Petty Cash)		219,024	(600)	218,424

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SUPPLEMENTAL SCHEDULE OF INDIVIDUAL DEPOSITS
As of June 30, 2014

Schedule 1

Account Title	Depository	Balance per Bank	Reconciling Items	Reconciled Balance per Books
Investment in State General Fund Investment Pool (SGFIP) - State Treasurer (with SHARE Fund numbers)				
Capital Project - 05900	State Treasurer	153,470	-	153,470
Operating Fund - 06100	State Treasurer	23,017,754	-	23,017,754
Medical Cannabis - 11415	State Treasurer	102,442	-	102,442
FBMC Lease - 20480	State Treasurer	181	-	181
CMS Fund - 21900	State Treasurer	2,826,026	-	2,826,026
Trauma Fund - 25700	State Treasurer	537,890	-	537,890
Save Our Children - 26100	State Treasurer	236,065	-	236,065
EMS - 75600	State Treasurer	618,174	-	618,174
ARRA - 89000	State Treasurer	8,220	-	8,220
STB 89200	State Treasurer	(133,176)	-	(133,176)
Birthing Workforce - 95800	State Treasurer	59,500	-	59,500
Total SGFIP - State Treasurer		27,426,546	-	27,426,546
Total Governmental Funds (not including petty cash)		27,645,570	(600)	27,644,970
Fund 51000 Patients' Trust Funds - Banks (checking accounts):				
NMBHI - Pt. Burial	Southwest Capital Bank	50,894	-	50,894
NMBHI - Canteens	Southwest Capital Bank	76,267	-	76,267
NMBHI - Pt. Demand (Trust)	Southwest Capital Bank	373,448	-	373,448
NMBHI-Foster Grandparent	Southwest Capital Bank	16,002	15	16,017
FBMC - Pt. Burial	Wells Fargo Bank of NM - Santa Clara	13,705	-	13,705
FBMC - Pt. Demand (Trust)	Wells Fargo Bank of NM - Santa Clara	108,906	75,448	184,354
FBMC - Special	Wells Fargo Bank of NM - Santa Clara	7,807	(236)	7,571
LLCP - SSA Beneficiaries	Wells Fargo Bank of NM - Los Lunas	18,843	-	18,843
LLCP - Managed Care	Wells Fargo Bank of NM - Los Lunas	9,146	-	9,146
LLCP - Pt. Demand (Trust)	Wells Fargo Bank of NM - Los Lunas	254	-	254
NMSVH - Pt. Burial	Bank of the Southwest, T or C	16,805	-	16,805
NMSVH - Canteens	Bank of the Southwest, T or C	27,146	-	27,146
NMSVH - Pt. Demand (Trust)	Bank of the Southwest, T or C	200,155	-	200,155
Sequoyah - Pt. Demand (Trust)	Bank of America - Albuquerque	2,263	-	2,263
Total Patients' Trust Funds - Banks		921,641	75,227	996,868
Fund 50200 Birth and Death Certificate Fund - Depository Clearing (checking accounts):				
Clayton	Farmers & Stockmens	180	-	180
Taos	US Bank	92	8	100
Total Vital Statistics Depository Clearing		272	8	280
Birth & Death - 502	State Treasurer	293,372	-	293,372
Total Birth and Death Certificate Fund - Depository Clearing		1,215,285	75,235	1,290,520
Department Total - all Funds, Not including Petty Cash		\$ 28,860,855	\$ 74,635	\$ 28,935,490

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SUPPLEMENTARY SCHEDULE OF PLEDGED COLLATERAL
As of June 30, 2014

Schedule 2

	Community 1st Bank	Southwest Capital Bank	Wells Fargo Bank	Bank of the Southwest, T or C	Other Banks	Accounts at State Treasurer	Total 30, 2014	June 30, 2014
Total amount of deposit	\$ 203,629	\$ 517,192	\$ 165,909	\$ 247,815	\$ 6,392	\$ 27,719,918	\$ 28,860,855	
Less FDIC	(203,629)	(250,000)	(158,662)	(247,815)	(6,392)	-	(866,498)	
Total uninsured public money	-	267,192	7,247	-	-	27,719,918	27,994,357	
50% collateral requirement	-	133,596	3,624	-	-	13,859,959	13,997,179	
State Agency Collateral Listing:			A			B	A&B	
Bonds:								
1 GNMA II Pool, CUSIP#3622CU46				21,600			21,600	
GNMA II Pool#008420,								
1 CUSIP#36202KK95				45,126			45,126	
GNMA II Pool#080470,								
1 CUSIP#36225CQY5				17,916			17,916	
GNMA II Pool#080509,								
1 CUSIP#36225CR73				31,341			31,341	
FNMA Pool#086794,								
1 CUSIP#31363ENK7				16,681			16,681	
FNMA Pool#557072,								
1 CUSIP#31385Y2D6				31,388			31,388	
GNMA II Pool#080443,								
1 CUSIP#36225CR59				22,763			22,763	
FNMA Pool#089416,								
1 CUSIP#31363HK56				9,719			9,719	
FNMA Pool#091962,								
1 CUSIP#31363LFB0				10,820			10,820	
GNMA II Pool#080150,								
1 CUSIP#36225CEYB				15,248			15,248	
1 FHLB LOC#2704000083				100,000			100,000	
FNMA .50% Bond maturity date 7/27/27, CUSIP#3136G15G0								
1 R#190013619	-	750,000	-	-	-	-	750,000	
GNMA I Pool#783556,								
1 CUSIP#36241LSR3	518,654						518,654	
Total pledged	518,654	750,000	-	322,602	-	-	1,591,256	
Over (under) pledged	\$ 518,654	\$ 616,404	A	\$ 322,602	\$ -	B	\$ 1,457,660	

A: Collateral for the balance is provided by the collateral pledged to the New Mexico State Treasurer to secure state deposits in accordance with 6-10-17 NMSA 1978. Detail of pledged collateral to this agency is unavailable because the bank commingles pledged collateral for all state funds it holds. However, the State Treasurer's Office of Collateral Bureau monitors pledged collateral for all state funds held by state agencies in such "authorized" bank accounts.

B: This amount is held at the Office of the State Treasurer and is detailed in the report of the Office of the State Treasurer, whose audit is covered by a separate report. Detail specific for the collateral is commingled by the Office of the State Treasurer, and they monitor the adequacy of the funds pledged for collateral to ensure they are fully covered as required by the Laws of the State of New Mexico and related statutes.

1. Custodian: Federal Home Loan Bank, Dallas: Collateral is in the name of New Mexico State Treasurer

The deposits are fully secured since they are in the name of the New Mexico State Treasurer and are held at a separate depository institution that is not affiliated with the depository institution.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
Schedule of Joint Powers Agreements
For the Period Ending June 30, 2014**

JPA #	Participants	Description of Activity	Beginning Date of Agreement	End Date of Agreement	Total Estimated Amount of Agreement	Portion of Amount from DOH	Amount DOH Contributed in FY 14
99.665.6800.0020	Department of Health (DOH) School for the Visually Handicapped (NMSVH)	To support and coordinate services to children under 4 who have a vision loss and their families.	7/1/2004	Ongoing	60,000	60,000	-
JPA 95-29	Human Services Department (HSD) Department of Health (DOH)	For Service Coordination, Early Intervention Developmental Services, Early Intervention Therapy	6/1/1995	Ongoing	5,000,000	5,000,000	-
04.665.4200.0185	Department of Health (DOH) Sandoval County (SC)	For Sandoval County - DOH will provide health services to Sandoval County residents.	9/8/2003	Ongoing	700,010	300,010	-
04.665.4200.0504	Department of Health (DOH) San Miguel County (SMC)	For San Miguel County - DOH will provide health services to San Miguel County	6/1/2004	Ongoing	50,000	50,000	-
04.665.1100.0019	Department of Health (DOH) Department of Transportation (DOT)	For Coordinated Transportation Services in Valencia County.	6/17/2004	Ongoing	5,000	5,000	-
01.665.6800.0260	Department of Health (DOH) New Mexico School for the Deaf (NMSD)	To support and coordinate services to children and their families under four who have hearing losses.	7/1/2005	Ongoing	50,760	50,760	-
05.665.0100.0014	Department of Health (DOH) Lincoln County (LC)	For Lincoln County - DOH will provide health services to Lincoln County residents.	9/24/2004	Ongoing	20,000	20,000	-

See Auditor's Report

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
Schedule of Joint Powers Agreements
For the Period Ending June 30, 2014**

JPA #	Participants	Description of Activity	Beginning Date of Agreement	End Date of Agreement	Total Estimated Amount of Agreement	Portion of Amount from DOH	Amount DOH Contributed in FY 14
05.665.0100.0008	Department of Health (DOH) Socorro County (SC)	For Socorro County - DOH will provide health services to Socorro County residents.	9/21/2004	Ongoing	20,000	20,000	-
04.665.4200.0311A1	Department of Health (DOH) Village of Hatch (Hatch)	For the Village of Hatch - DOH will provide health services to Village of Hatch County	11/14/2003	12/31/2033	429,800	429,800	-
0630.8114.03.37	Human Services Department (HSD)	To designate the administrative, fiscal and programmatic responsibilities for the operations of the Home and	10/14/2003	-	-	-	-
(JPA 03-37)	Department of Health (DOH)			AIDS WAIVER MEDICAID WAIVER	96,400 69,075,593	96,400 69,075,593	
06.665.0100.0029	Department of Health (DOH) State Agency on Aging (SAA) (Aging & Long Term Services Dep't (ALTSD)	To review all fiscal matters and record and review all complaints and requests for services for persons living with HIV and AIDS statewide.	5/3/2006	Ongoing	50,000	50,000	
JPA 82-14	New Mexico Human Services Department New Mexico Department of Health	For Medicare and Medicaid Programs; Preadmission Screening and Annual Resident Review.**HSD SENDS MEDICAID MONEY TO DOH, NO TRANSFER FROM DOH TO HSD	5/27/1994	Ongoing	-	-	-

See Auditor's Report

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
Schedule of Joint Powers Agreements
For the Period Ending June 30, 2014**

JPA #	Participants	Description of Activity	Beginning Date of Agreement	End Date of Agreement	Total Estimated Amount of Agreement	Portion of Amount from DOH	Amount DOH Contributed in FY 14
96/665.42.344 (#96-22)	New Mexico Human Services Department New Mexico Department of Health	To establish responsibilities for certification of health care facilities and the nurse aide training and competency evaluation program	2/8/1996	Ongoing	-	-	-
11-630-8000-0003	New Mexico Department of Health (DOH) New Mexico Human Services (HSD)	Responsible for the administrative, fiscal and programmatic aspects of New Mexico's Home and Community based Waiver programs	7/8/2010	6/30/2014	62,950,000.00	62,950,000.00	171,103.68
11-630-8000-0008		Medicaid reimbursements for services provided by DOH at its facilities, clinics, and public health offices and laboratories.	8/4/2010	6/30/2015			
05/665/0200/0008	New Mexico Department of Health (DOH) New Mexico Human Services (HSD)	Provide funds to the Medical Assistance Division (MAD) to support Federally Qualified Health Centers	4/25/2005	Ongoing	500,000	500,000	481,600
11-665-0200-0001	New Mexico Department of Health (DOH) New Mexico Human Services (HSD)	Coordination between DOH and HSD to gather data related to compulsive gambling	7/26/2011	Ongoing			

See Auditor's Report

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
Schedule of Memorandums of Agreements
For the Period Ended June 30, 2014

MOA#	Participants	Description of Activity	Beginning Date of Agreement	End Date of Agreement	Total Estimated Amount of Agreement	Portion of Amount from DOH	Amount DOH Contributed in FY14	Participating Agency
14.16720	ABQ Public Schools	Provide WIC and nutrition services issue food benefit cards. Provide breast feeding promotion and support to teen mothers.	10/1/2013	9/30/2014	\$ -			DOH/ PH
14.16610	Albuquerque Public School District	No Compensation	8/6/2013	6/30/2014	\$ -			DOH/ PH
14.16869 A1	Albuquerque Public Schools, School on Wheels	Provide a monitoring system measuring the height and weight of kindergarten and third grade students. Provide students with high quality public health services	2/13/2014	11/30/2017	\$ -			DOH/ PH
14.16713	Anthony city of	Provide support to the community transformation grant in the city of anthony to expand opportunities for healthy eating and active living for children.	8/28/2013	6/28/2014	\$ 30,000.00			DOH/ PH
14.16269	Bernalillo County	Provide continued technical assistance and financial resources for the Cities Readiness Initiative partners. The entity shall implement the natural helpers program and kirtland central high school.	8/14/2013	6/30/2014	\$ 18,885.00			DOH/EPI
14.16812	Central Consolidated Schools	Provider shall provide screenings services for breast and cervical cancer.	10/3/2013	6/30/2014	\$ 5,000.00			DOH/ PH
14.16438	Central New Mexico Community College	Participation in cities readiness initiative (CRI) planning, drills, and functional exercises for emergency preparedness.	7/1/2013	6/30/2014	\$ 2,000.00			DOH/ PH
14.16044	Central Region Educational Coop	Provide psychological educational testing.	7/1/2013	6/30/2014	\$ 96,460.00			DPH/SAT
14.16273	City of Albuquerque	Provide a manage your chronic disease model by building a delivery infrastructure.	8/14/2013	6/30/2014	\$ 51,508.00			EPI OHEN
14.16724	City of Albuquerque Department of Senior Affairs	To provide blind and visually impaired children birth to 18 years of age who have no funding options with assistive technology items	11/19/2013	6/30/2014	\$ 53,750.00			DOH/ PH
14.16724 A1	City of Albuquerque Department of Senior Affairs	Participation in cities readiness initiative (CRI) planning, drills, and functional exercises for emergency preparedness.	7/1/2013	6/30/2014	\$ 43,350.00			DOH/ PH
14.16314	Commission for the blind	Provide support to the community transformation grant in curry county expand opportunities for healthy eating and active living for children.	7/1/2013	6/30/2014	\$ 80,000.00			DOH/ PH
14.16269	County of Bernalillo	Provide support to the community transformation grant in curry county expand opportunities for healthy eating and active living for children.		6/30/2014	\$ 18,885.00			DOH/EPI
14.16771	Curry County	Provide support for community transformation grant in deming public school district to expand opportunities for healthy eating and active living for children.	9/13/2013	9/27/2014	\$ 56,000.00			DOH/ PH
14.16761	Deming Public Schools	Provide public health services to incarcerated persons. Provide integrated primary and behavioral health care through SBHCs	9/12/2013	9/27/2014	\$ 19,500.00			DOH/ PH
14.16327	Dona Ana County	Provide primary care services to underserved areas of the state.	7/19/2013	6/30/2014	\$ -			DOH/ PH
14.16586	Eastern New Mexico University	Provide drinking water quality data and info for the EPHI project	7/1/2013	6/30/2014	\$ 170,107.14	\$ 157,340.00		DOH/ PH
14.17083	Environment Department	Provide primary care services to underserved areas of the state.	2/24/2014	6/30/2014	\$ 10,000.00			DOH/EPI
14.16060	Guadalupe County	Provide support to the community transformation grant within the hatch valley municipal schools to expand opportunities for healthy eating and active living for children.	7/1/2013	6/30/2014	\$ 139,000.00	\$ 139,000.00		DOH/ PH
14.16757	Hatch Valley Municipal Schools	Fulfill the legislative mandate to prevent obesity and type II diabetes.	9/10/2013	9/27/2014	\$ 7,500.00			DOH/ PH
14.16899	Jemez Pueblo Of	The entity shall implement the natural helpers program at jemez valley high school.	11/7/2013	6/30/2014	\$ 25,000.00	\$ 25,000.00		DOH/ PH
14.16811	Jemez Valley Public Schools	Provide onsite WIC services at Kirtland Air Force Base through sponsorship of the airman and family readiness center AFRFC.	10/3/2013	6/30/2014	\$ 5,000.00			DOH/ PH
14.16719	Kirtland AFB	No Compensation	10/1/2013	9/30/2014	\$ -			DOH/ PH
14.16326	Las Cruces Public Schools	Provide and clarify the roles and responsibilities of each party when public health staff members provide outreach services at high schools operated by the las cruces public schools.	7/1/2013	6/30/2014	\$ -			DOH/ PH
14.16726	Luna Community College	Provide T-Trainer support services and subject matter expertise to local communities organizations and healthcare systems.	7/1/2013	6/30/2014	\$ 40,000.00			DOH/ PH
14.16726 A1	Luna Community College	Provide T-Trainer support services, and subject matter expertise to local communities organizations and healthcare systems.	3/18/2014	6/30/2014	\$ 50,400.00			DOH/ PH
14.16263	Luna Community College	Provide certified nursing assistant CNA classes to New Mexico Behavioral health institute.		6/30/2014	\$ 10,000.00	\$ 10,000.00		DOH/NM

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
Schedule of Memorandums of Agreements
For the Period Ended June 30, 2014

MOA#	Participants	Description of Activity	Beginning Date of Agreement	End Date of Agreement	Total Estimated Amount of Agreement	Portion of Amount from DOH	Amount DOH Contributed in FY14	Parti Respo for A
14.15954	Luna County	Provide a Teen Outreach Program (TOP) as an in or out of school teen pregnancy prevention program that targets 12 to 17 year old youth.	5/24/2013	6/30/2014	\$ 150,000.00			DOH/ PH
14.16056	Luna County	Provide primary care services in underserved areas of the state.	7/1/2013	6/30/2014	\$ 71,600.00	\$ 71,600.00		DOH/ PH
14.16711	Luna, County	Provide support to the community transformation grant in luna county to expand opportunities for healthy eating for children.	8/28/2013	7/27/2014	\$ 15,000.00			DOH/ PH
14.16756	McKinley County	Provide support to the community transformation grant in McKinley county to expand opportunities for healthy eating and active living for children.	9/10/2013	9/27/2014	\$ 67,500.00			DOH/ PH
		Provide service of the new mexico women infants and children wic nutrition program pregnant breastfeeding post partrum women and infants and children birth to age 5 families first program pregnant women and children 0-3 years of age and children medical services. etc.						
14.16325	Mescalero Apache Tribe	No Compensation	7/1/2013	6/30/2014	\$ -			DOH/ PH
		Provide support to the community transformation grant on the mescalero apache reservation to expand opportunities for healthy eating and active living for children.						
14.16818	Mescalero Apache Tribe	Pathological services	10/8/2013	9/27/2014	\$ 40,000.00			DOH/ PH
14.16258	Miner's Colfax Medical Center	Provide support for implementation of perspective payment system PPS.	7/1/2013	6/30/2014	\$ 15,000.00	\$ 7,500.00		DOH/NM
14.16739	Miners Colfax Medical Center	Provide suicide prevention and positive youth development activities for the residents of navajo prep school.	9/5/2013	6/30/2014	\$ 7,503.00			DOH/ PH
14.16375	Navajo Preparatory School Inc	Provide coordination of the abstinence program.	7/1/2013	6/30/2014	\$ 38,000.00	\$ 38,000.00		DOH/ PH
14.16663	New Mexico State University		10/15/2013	9/30/2014	\$ 440,086.00			DOH/ PH
14.16147	Oregon State Public Health Laboratory	Provide Laboratory screening services.	7/1/2013	6/30/2014	\$ 1,788,000.00			DOH/ PH
		Provide integrated primary and behavioral health care.						
14.16587	Pueblo De San Felipe	Provide primary care services in underserved areas of NM.	7/1/2013	6/30/2014	\$ 47,500.00	\$ 47,500.00		DOH/ PH
14.16057	Quay County	Provide janitorial services	7/1/2013	6/30/2014	\$ 133,600.00	\$ 133,600.00		DOH/ PH
14.16074	Quay County	Provide legislative mandate to prevent obesity and type II diabetes by providing the ramah navajo community the opportunity to expand on their strategy to strengthen traditional.	7/1/2013	6/30/2014	\$ 9,180.00	\$ 9,180.00		DOH/ PH
14.16900	Ramah Navajo School Board Inc	Amend SOW and increase compensation shall implement the Kitchen Creations program and the National Diabetes Prevention.	11/7/2013	6/30/2014	\$ 25,000.00	\$ 25,000.00		DOH/ PH
14.16051 A1	Regents of New Mexico State University	Provide kitchen creations, a cooking school for people with diabetes and their families.	2/11/2014	6/30/2014	\$ 205,000.00			DOH/ PH
14.16051	Regents of New Mexico State University		7/1/2013	6/30/2014	\$ 185,000.00	\$ 185,000.00		DDH/ PH
14.16179	Regents of New Mexico State University	Provide student support from the Entity to the DOH to support areas of communications, administration and special projects as needed by the DOH.	5/24/2013	6/30/2014	\$ 25,650.00	\$ 25,650.00		DOH/ PH
		Provide Master Training Support Services and subject matter expertise to local communities organizations and healthcare systems to build program delivery capacity.						
14.16725	Regents Of New Mexico State University	Provide support for the community transformation grant in chaves county to expand opportunities for healthy eating and active living for children where they live learn and play.	7/1/2013	6/30/2014	\$ 50,000.00			DOH/ PH
14.16804	Regents Of New Mexico State University	Increase compensation and amend the SCOPE of work to implement the Kitchen creations program and the National Diabetes Prevention Program.	9/30/2013	9/27/2014	\$ 7,500.00			DOH/ PH
14.16051 A2	Regents of New Mexico State University	Provide master training support services, and subject matter expertise to local communities organizations and healthcare systems to build program delivery capacity.	6/30/2014	6/30/2014	\$ 215,200.00	\$ 10,200.00		DOH/ PH
14.16725 A1	Regents of New Mexico State University	Provide and operate regional binational air quality monitoring network and develop a series of specific studies that will form the basis for a comprehensive assessment of land northwest.	8/29/2013	6/30/2014	\$ 50,000.00	\$ 5,000.00		DOH/ PH
14.16871	Regents of New Mexico State University	Provide the department with space for the Public Health Office.	12/6/2013	6/30/2014	\$ 231,500.00	\$ 112,100.00		DOH/ASU
14.16317	Rio Arriba County	Provide janitorial services	7/1/2013	6/30/2014	\$ 18,205.00	\$ 18,205.00		DOH/ PH
14.16075	Roosevelt County		7/1/2013	6/30/2014	\$ 12,000.00	\$ 12,000.00		DOH/ PH

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
Schedule of Memorandums of Agreements
For the Period Ended June 30, 2014

MOA#	Participants	Description of Activity	Beginning Date of Agreement	End Date of Agreement	Total Estimated Amount of Agreement	Portion of Amount from DOH	Amount DOH Contributed in FY14	Participating Agency
14.16828	San Ildefonso, Pueblo De	Provide support to the community transformation grant in the pueblo de san ildefonso to expand opportunities for healthy eating and active living for children where they live learn and play	10/11/2013	9/27/2014	\$ 60,000.00			DOH/ PH
14.665.0300.16270	Sandoval County Of	Provide participation in cities readiness initiative CRI planning drills and functional exercises for emergency preparedness	7/1/2013	6/30/2014	\$ 20,252.00			DOH/EPI
14.16373	Sandoval, County Of	Provide preventive dental services and case management services to uninsured pregnant woman and children served by sandoval county	7/1/2013	6/30/2014	\$ 67,700.00	\$ 67,700.00		DOH/ PH
14.16898	Santa Ana Pueblo	Provide the legislative mandate to prevent obesity and type and type II diabetes.	11/7/2013	6/30/2014	\$ 32,000.00	\$ 32,000.00		DOH/ PH
14.16752	Santa Clara Pueblo	Provide support for the community transformation grant in santa Clara pueblo to expand opportunities for healthy eating and active living for children.	9/10/2013	9/27/2014	\$ 33,750.00			DOH/ PH
14.16748	Santa Fe County	Provide oversight of the United Way of Santa Fe LAUNCH program to promote wellness of young children.	9/27/2013	6/30/2014	\$ 170,633.00			DOH/ PH
14.16096	Santa Fe Public Schools	Provide support for enforcement of public school tobacco policy throughout NM.	7/1/2013	6/30/2014	\$ 157,700.00	\$ 157,700.00		DOH/ PH
14.16377	Santa Fe Public Schools	Provide PYD activities at santa fe public schools	7/1/2013	6/30/2014	\$ 22,100.00			DOH/ PH
14.16712	Socorro, City Of	Provide support to the community transformation grant in socorro county to expand opportunities for healthy eating and active living for children.	8/28/2013	6/28/2014	\$ 30,000.00			DOH/ PH
14.16271	Torrance County	Provide cities readiness initiative (CRI) planning, drills, and functional exercises for emergency preparedness. Provide a Teen Outreach Program (TOP) as an in or out of school teen pregnancy prevention program that targets 12 to 17 year old youths.	5/14/2013	6/30/2014	\$ 11,367.00			DOH/EPI
14.15956	Torrance County	Provide primary care services in underserved areas of the state.	5/24/2013	6/30/2014	\$ 25,000.00			DOH/ PH
14.16058	Torrance County	Provide support to the tucumcari public schools to implement the diabetes self management education collaborative project.	7/1/2013	6/30/2014	\$ 117,600.00	\$ 117,600.00		DOH/ PH
14.16825	Tucumcari Public Schools	Provide the DOH Tobacco Use Prevention and Control (TUPAC) program with evaluation of N QUIT NOW Cessation Services.	10/10/2013	6/30/2014	\$ 20,000.00			DOH/ PH
14.16062	University of Wyoming	Purpose of this agreement is to provide primary care services in underserved areas of NM.	7/1/2013	6/30/2014	\$ 320,000.00	\$ 320,000.00		DOH/ PH
14.16059	Village of Logan	Provide office space for public health services.	7/1/2013	6/30/2013	\$ 103,700.00	\$ 103,700.00		DOH/ PH
14.16181	Village of Tularosa	Provide Teen Outreach Program (TOP) as an in or out of school teen pregnancy prevention program that targets 12 to 17 year old youths.	7/19/2013	6/30/2014	\$ -			DOH/ PH
14.15955	West Las Vegas School District		5/24/2013	6/30/2014	\$ 50,000.00			DOH/ PH

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SUPPLEMENTARY SCHEDULE OF OTHER STATE AGENCIES - DUE TO AND DUE FROM
June 30, 2014**

Agency Business Agency		Agency Due From		Agency Due To		Agency Business Unit	Agency Fund	Amount	Reason
66500	06100	Department of Health	Department of Finance & Administration	34101	853	\$	2,100,657	General Fund Reversion FY	
66500	06100	Department of Health	Department of Finance & Administration	34101	853		18,950	Reversion - Special Approp	
66500	06100	Department of Health	Department of Finance & Administration	34101	853		224	Staledated Warrants	
66500	06100	Department of Health	Human Services Department	63000	976		14,249,386	DD Waiver/MF Waiver/FI	
66500	06100	Department of Health	Human Services Department	63000	976		309,177	PHD Programs	
66500	06100	Department of Health	Human Services Department	63000	976		709,103	NMRC -Medicaid Cost Paya	
66500	06100	Department of Health	Human Services Department	63000	976		2,626	Deposits made in error to l	
66500	06100	Department of Health	Health Policy Commission	66900	-		2,700	Health projects	
66500	06100	Department of Health	Department of Information Technology	20300	-		23,987	Set up A/P for June service	
66500	06100	Department of Health	Energy and Minerals	52100	199		397	WIPP Reimbursement	
66500	06100	Department of Health	Department of Transportation	80500	201		468	Employee salary reimburs	
66500	06100	Department of Health	Department of Cultural Affairs	50500	-		50	Amount reclassified from 20	
66500	06100	Department of Health	Department of Information Technology	36100	-		984,216	Amount reclassified from 20	
66500	06100	Department of Health	Environment Department	66700	-		10,000	Amount reclassified from 20	
66500	06100	Department of Health	Corrections Department	77000	-		46,410	Amount reclassified from 20	
66500	06100	Department of Health	Department of Public Safety	79000	-		30	Amount reclassified from 20	
66500	06100	Department of Health	Department of Veteran Affairs	67000	-		3,850	Amount reclassified from 20	
66500	06100	Department of Health	Secretary of State	37000	-		20	Amount reclassified from 20	
66500	06100	Department of Health	Taxation and Revenue	33300	-		56	Amount reclassified from 20	
66500	06100	Department of Health	General Services Department	35000	-		152,817	Amount reclassified from 20	
66500	05900	Department of Health	Department of Finance & Administration	35000	853		153,470 *	Reversion- Prior years	
66500	20480	Department of Health	Department of Finance & Administration	34101	853		181	General Fund Reversion FY	
66500	11415	Department of Health	Department of Information Technology	36100	-		103	Amount reclassified from 20	
66500	11415	Department of Health	General Services Department	35000	-		40	Amount reclassified from 20	
66500	89000	Department of Health	Department of Finance & Administration	34101	853		46	Stale dated Warrants	
66500	11415	Department of Health	Department of Finance & Administration	34101	853		80,114	Reversion FY2014	
Total Governmental Funds								18,849,098	
Agency Funds									
66500	50200	Department of Health	Children, Youth and Families Department	69000	911		127,639	Vital Records Trust Remitt	
66500	50200	Department of Health	Department of Finance & Administration	34101	853		166,133	Vital Records Trust Remitt	
66500	50200	Department of Health	Department of Finance & Administration	34101	853		300	Stale dated Warrants	
Total Agency Funds								294,072	
TOTAL DUE TO OTHER STATE AGENCIES								\$ 19,143,170	
63000	97600	Human Services Department	Department of Health	66500	061	\$	6,344,880	Medicaid Waiver Administration and Other Programs	
52100	19900	Energy, Minerals & Resources	Department of Health	66500	061		26,668	Waste Isolation Pilot Prog Chemistry/water testing & copy services	
66700	06400	Environment Department	Department of Health	66500	061		182,875		
33700	60100	State Investment Council	Department of Health	66500	061		126,333	Investment Co.	
34101	76100	Department of Finance & Administration	Department of Health	66500	061		197,241	Income Distribution	
92400	84402	Department of Public Education	Department of Health	66500	061		357,071	For services/programs	
51600	19800	Game & Fish Department	Department of Health	66500	061		40	Water testing	
34100	02100	Department of Finance & Administration	Department of Health	66500	219		419,752	CSMF Disbursement 06/30/2013	
34103	11720	Department of Finance & Administration	Department of Health	66500	892		269,442	STB Draws	
TOTAL DUE FROM OTHER STATE AGENCIES								\$ 7,924,302	

* Refer to Note 14

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SUPPLEMENTARY SCHEDULE OF AGENCIES TRANSFERS IN AND TRANSFERS OUT
For the Year Ended June 30, 2014**

Interagency Transfers Out:

<u>DOH FUND</u>	<u>AGENCY</u>	<u>OTHER AGENCY'S BUSINESS UNIT</u>	<u>OTHER AGENCY'S FUND</u>	<u>DESCRIPTION</u>	
06100	Human Services Department	63000	97600	DDSD Waiver Services & Other Programs	\$
06100	Commission for the Blind	60600	04700	Funding for technology devices - MOA 16314	
06100	Department of Finance & Administration	34101	85300	Reversions	
06100	Department of Finance & Administration	34101	85300	Reversion- Special Appropriation	
05900	Department of Finance and Administration	34101	85300	Reversions	
11415	Department of Finance and Administration	34101	85300	Reversions	
20481	Department of Finance and Administration	34101	85300	Reversions	
				TOTAL TRANSFERS OUT	\$

* Refer to Note 14.

Interagency Transfers In:

<u>DOH FUND</u>	<u>AGENCY</u>	<u>OTHER AGENCY'S BUSINESS UNIT</u>	<u>OTHER AGENCY'S FUND</u>	<u>DESCRIPTION</u>	
06100	Department of Finance & Administration	34101	85300	General Fund Appropriations	\$
06100	Department of Finance & Administration	34101	85300	General Fund - Compensation Appropriations	
06100	Department of Finance & Administration	34101	85300	General Fund Special Appropriations - Cancer Prevention	
20480	Department of Finance & Administration	34101	85300	Fort Bayard Medical Center Lease Payment	
25700	Department of Finance & Administration	34101	85300	General Fund Appropriations	
75600	Department of Finance & Administration	34101	85300	General Fund Appropriations - Emergency Med Svc fund	
95800	Department of Finance & Administration	34101	85300	General Fund Appropriations	
				Subtotal General Fund Appropriation	
06100	Department of Finance & Administration	34101	69700	Tobacco Settlement Program	
06100	Taxation and Revenue Department	33300	82500	Breast Cancer Awareness	
06100	Human Services Department	63000	05200	Medicaid Waiver Program	
06100	Human Services Department	63000	97600	Medicaid Admin Claim & Other PHD Programs	
06100	Human Services Department	63000	05200	Certification of Health Care Facilities and Nurse Training	
06100	Human Services Department	63000	05200	Early Periodic Screening Diagnosis & Treatment Program	
06100	Human Services Department	63000	97600	Medicaid Waiver Program - AIDS	
06100	Energy, Minerals & Natural Resources De	52100	19900	WIPP	
06100	Human Services Department	63000	97600	Substance Abuse Epidemiology Services and Treatment	
06100	Human Services Department	63000	05200	Farmer's Market	
06100	Human Services Department	63000	05200	Preadmission Screening and Resident Review	
06100	Public Education Department	92400	84400	Race to the Top	
89200	Department of Finance & Administration	34101	89200	Severance Tax Bonds	
21900	Department of Finance & Administration	34101	02100	CSMF Distribution	
26100	Taxation and Revenue Department	33300	82500	Vision Screening Program	
06100	State Investment Council	33700	10500	Building/Land Rental or Lease and Interest	
				TOTAL TRANSFERS IN	\$

This schedule was prepared on an accrual basis. Transfers out include accounts 555100 and 566100 with the exception of the Com account 547300. Transfers in include accounts 499105 through 499905 with the exception of the State Investment Council, State Land Com of Finance and Administration which also utilized accounts 441201, 442101 and 442201.

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SUPPLEMENTAL SCHEDULE OF SPECIAL APPROPRIATIONS
Year Ended June 30, 2014

Description	Fund	Department	Reversion Date	Final Budget	Appropriation	Prior Year Expenditures	Current Year Expenditures
Special Appropriation Laws of 2013, Ch. 227, Section 5 - § 54 Jackson vs Ft. Stanton General	06101	Z30554	6/30/2014	\$ 2,250,300	\$ 2,250,300	\$ 310	\$ 2,249,990
Special Appropriation Laws of 2013, Ch. 227, Section 5 - § 54 Jackson vs Ft. Stanton Inter-Agency	06104	Z30554	6/30/2014	374,700	374,700	-	374,700
Special Appropriation Laws of 2013, Ch. 227, Section 5 - § 55 Tribal Public Health Prgm. General	06101	Z30555	6/30/2014	100,000	100,000	-	81,050
Special Appropriation Laws of 2014, Ch. 63, Section 5 - § 64 Cancer Prevention, research and education.	06101	Z40564	6/30/2015	25,000	25,000	-	-
				\$ 2,750,000	\$ 2,750,000	\$ 310	\$ 2,705,740

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SUPPLEMENTAL SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2014

Schedule 7

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
<u>Fund 50200 - Birth & Death Certificate Fund</u>				
ASSETS:				
Interest in State General Fund				
Investment Pool	\$ 406,621	\$ 1,780,016	\$ 1,893,265	\$ 293,372
Cash	270	790	780	280
Due from other Funds	-	920	500	420
TOTAL ASSETS	\$ 406,891	\$ 1,781,726	\$ 1,894,545	\$ 294,072
LIABILITIES:				
Voucher payable	\$ -	\$ 3,211	\$ 3,211	\$ -
Due to other state agencies	191,738	1,290,169	1,354,268	127,639
Due to State General Fund	215,153	1,389,609	1,438,629	166,133
Stale dated warrants	-	1,039	739	300
TOTAL LIABILITIES	\$ 406,891	\$ 2,684,028	\$ 2,796,847	\$ 294,072
 <u>Fund 51000 - Patients' Trust Fund</u>				
ASSETS:				
Cash	\$ 837,431	\$ 7,384,420	\$ 7,224,983	\$ 996,868
TOTAL ASSETS	\$ 837,431	\$ 7,384,420	\$ 7,224,983	\$ 996,868
LIABILITIES:				
Funds held for others	\$ 837,431	\$ 7,384,420	\$ 7,224,983	\$ 996,868
TOTAL LIABILITIES	\$ 837,431	\$ 7,384,420	\$ 7,224,983	\$ 996,868

COMPLIANCE

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PERIOD ENDING JUNE 30, 2014

Federal Agency/Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
FSIS Cooperative Agreement 2013	10.479	\$ 3,469
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)		
WIC Breastfeeding Peer Counseling 2012	10.557	153,658
WIC Breastfeeding Peer Counseling 2013	10.557	233,089
WIC Food and Administration 2013	10.557	11,763,489
WIC Food and Administration 2014	10.557	25,582,273
WIC Rebate 2013	10.557	3,122,034
WIC Rebate 2014	10.557	8,995,830
Commodity Supplemental Food Program:		
WIC Commodity Supplemental Food Program 2013	10.565	287,923
WIC Commodity Supplemental Food Program 2014	10.565	867,729
WIC Farmers' Market Nutrition Program:		
WIC Federal Farmers Market 2013	10.572	124,672
WIC Federal Farmers Market 2014	10.572	23,453
Senior Farmers Market Nutrition Program:		
Senior Farmers Market Program 2013	10.576	238,031
Senior Farmers Market Program 2014	10.576	3,573
TOTAL U.S. DEPARTMENT OF AGRICULTURE		51,399,223
U.S. DEPARTMENT OF EDUCATION		
Special Education - Grants for Infants and Families:		
Family Infants & Toddlers Program 2012	84.181A	42,295
Family Infants & Toddlers Program 2013	84.181A	773,942
Family Infants & Toddlers Program 2014	84.181A	2,793,286
Early Learning Challenge		
Race to the Top 2014	84.412	212,489
Race to the Top 2014	84.412	176,876
TOTAL U.S. DEPARTMENT OF EDUCATION		3,998,888
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Strengthening Public Health Services at the Outreach Office:		
New Mexico-Chihuahua Border 2013	93.018	27,261
New Mexico-Chihuahua Border 2013 Carry Over	93.018	81,000
New Mexico-Chihuahua Border 2014	93.018	180,020
Environmental Public Health and Emergency Response:		
Public Health Preparedness & Response Bioterrorism 12	93.069	(548)
Public Health Preparedness & Response Bioterrorism 13	93.069	(46,607)
Public Health Preparedness & Response Bioterrorism Carryover 13	93.069	1,176,521
Public Health Preparedness & Response Bioterrorism 2014	93.069	5,622,050
Addressing Asthma 2013	93.070	56,226
Addressing Asthma 2013 Carry Over	93.070	2,162
Addressing Asthma 2014	93.070	265,616
Unregulated Drinking Water 2013	93.070	47,398
Unregulated Drinking Water 2014	93.070	104,710

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PERIOD ENDING JUNE 30, 2014

Federal Agency/Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
Affordable Care Act (ACA) Personal Responsibility Education Program:		
Personal Responsibility Education Program 2012	93.092	86,866
Personal Responsibility Education Program 2013	93.092	242,095
Maternal and Child Health Federal Consolidated Programs:		
CISS-SECCS Planning 2014	93.110	138,898
NM State Systems Development Initiative 2013	93.110	108,003
NM State Systems Development Initiative 2013 Carry Over	93.110	21,277
NM State Systems Development Initiative 2014	93.110	8,056
Integrated Community Systems for CSHDN 2014	93.110	261,464
Project Grants and Cooperative Agreements for Tuberculosis:		
Tuberculosis Elimination and Laboratory 2013	93.116	160,646
Tuberculosis Elimination and Laboratory 2014	93.116	183,092
Cooperative Agreements to State /Territories for the Coordination:		
Primary Care 2014	93.130	107,775
Primary Care 2015	93.130	18,595
Injury Prevention and Control Research and State and Community:		
Public Health Injury Surveillance 2012	93.136	7,784
Sexual Assault Rape Prevention 2013	93.136	77,561
Sexual Assault Rape Prevention 2014	93.136	105,284
Violent Death Reporting 2013	93.136	2,413
Violent Death Reporting 2014	93.136	62,431
Family Planning Services:		
Family Planning 2013	93.217	1,791,897
Family Planning 2014	93.217	1,383,493
Affordable Care Act (ACA) Abstinence Education Program:		
Title V Abstinence Education Program 2013	93.235	154,404
Title V Abstinence Education Program 2014	93.235	333,611
State Rural Hospital Flexibility Services:		
Rural Hospital Flexibility Program 2013	93.241	34,269
Rural Hospital Flexibility Program 2014	93.241	231,569
Substance Abuse and Mental Health Services:		
Project Launch 2013	93.243	469,868
NM State Suicide Prevention Program 2014	93.243	469,558
Universal Newborn Hearing Screening:		
Newborn Hearing Screening 2014	93.251	229,237
Newborn Hearing Screening 2015	93.251	5,778
Emerging Infections Program Supplement 1 2012	93.251	9,767
Occupational Safety and Health Program:		
Occupational Health 2014	93.262	119,652
Immunizations Grants:		
Immunizations Program 2013	93.268	1,638,950
Immunizations Program 2014	93.268	1,422,131
Hepatitis Grants:		
Viral Hepatitis Surveillance 2014	93.270	49,611
Viral Hepatitis 2013	93.270	45,049

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PERIOD ENDING JUNE 30, 2014

Federal Agency/Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
Centers for Disease Control and Prevention - Investigations and Technical Assistance:		
Biosense 2013	93.283	57,959
Biosense 2014	93.283	202,217
Behavioral Risk Factor Survey 2014	93.283	260,063
Behavioral Risk Factor Survey 2015	93.283	148,501
Chronic Disease Prevention 2014	93.283	821,922
Chronic Disease Prevention 2015	93.283	245,691
Colorectal Program 2013 Carry Over	93.283	120,965
Colorectal Program 2014	93.283	629,705
Early Hearing Detection 2014	93.283	58,213
Emerging Infections Program 2013	93.283	1,502,736
Emerging Infections Program 2014	93.283	609,067
Environmental Health Tracking 2013	93.283	80,263
Environmental Health Tracking 2014	93.283	715,000
Epidemiology and Laboratory Capacity 2013	93.283	94,245
National Cancer Prevention 2014	93.283	3,227,078
Physical Health 2013	93.283	110,159
State and Territorial and Technical Assistance Capacity:		
OMH State Partnership Grant 2013	93.296	21,009
Small Rural Hospital Improvement Grant Program		
Small Rural Hospital Improvement '14	93.301	94,913
Research Infrastructure Programs		
Community Transformation Grant 2013	93.531	537,824
Community Transformation Grant 2014	93.531	956,273
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures:		
Affordable Care Act	93.501	50,000
Background Checks for Employees of Long Term Care Facilities and Providers		
National Caregivers Criminal History Screening 2011	93.506	594,471
Strengthening Public Health Infrastructure for Improved Health Outcomes		
Improved Health Outcomes 2013	93.507	80,308
Improved Health Outcomes 2014	93.507	282,093
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity		
Building and Strengthening Epi Lab Capacity 2012	93.521	34,420
Building and Strengthening Epi Lab Capacity 2014	93.521	464,343
Building and Strengthening Epi Lab Capacity PPHF 2012	93.521	175,199
Building and Strengthening Epi Lab Capacity PPHF 2014	93.521	476,086
Building and Strengthening Supp 1	93.521	5,028
Building and Strengthening Supp 2 2012	93.521	713
Patient Protection and Affordable Care Act 2013	93.521	7,635
Patient Protection and Affordable Care Act 2014	93.521	114,141
Environmental Health Tracking		
Environmental Health Tracking 12 Carry Over	93.538	63,911
Environmental Health Tracking 13 Carry Over	93.538	18,062
NM Immunization Program Application To Strengthen Public Health		
Prevention and Public Health Fund	93.539	428,174
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act)		
Coordinated Chronic Disease 2013	93.544	124,214
Coordinated Chronic Disease 2013 Carryover	93.544	126,454

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PERIOD ENDING JUNE 30, 2014

Federal Agency/Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
Refugee and Entrant Assistance Discretionary Grants		
Office of Refugee Resettlement 2013	93.576	13,796
Office of Refugee Resettlement 2014	93.576	86,024
Recovery Act Comparative Effectiveness Research		
ARRA Race and Ethnicity Research	93.715	97,584
ARRA Health Information Technology and Public Health		
ARRA Immunization Information System Interoperability	93.729	21,154
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance:		
Immunization Program Application 2012	93.733	419,416
Chronic Disease Self-Management Education Programs:		
Chronic Disease Self-Management Program 2013	93.734	7,352
Chronic Disease Self-Management Program 2014	93.734	140,000
PPHF 2012: Breast and Cervical Cancer Screening Opportunities for States, Tribes and Territories		
Chronic Disease Self-Management Program 2013	93.744	41,932
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act)		
Behavioral Risk Factor Survey Supplement 1 2013	93.745	38,929
Behavioral Risk Factor Survey Supplement 1 2014	93.745	43,549
State Survey and Certification of Health Care Providers:		
Clinical Laboratory Improvement Amendments 2013	93.777	42,248
Clinical Laboratory Improvement Amendments 2014	93.777	60,643
Title 18 Inspection of Health Care Providers 2013	93.777	811,300
Title 18 Inspection of Health Care Providers 2014	93.777	1,547,063
Environmental Public Health and Emergency Response:		
Bioterrorism Hospital Preparedness Program 2013	93.889	(50,375)
Bioterrorism Hospital Preparedness Program 2014	93.889	1,769,070
Bioterrorism Hospital Preparedness Program 2013 Carry Over	93.889	448,109
Grants to State for Operation of Offices of Rural Health:		
Office of Rural Health 2014	93.913	159,572
HIV Care Formula Grants:		
Ryan White Care Act 2014	93.917	3,810,941
Ryan White Care Act 2015	93.917	603,740
HIV Prevention Activities - Health Department Based:		
HIV Prevention 2013	93.940	1,006,123
HIV Prevention 2014	93.940	710,696
HIV/Acquired Immunodeficiency:		
HIV/AIDS Surveillance 2013	93.944	123,048
HIV/AIDS Surveillance 2014	93.944	87,525
Assistance Programs for Chronic Disease Prevention and Control		
Diabetes, Heart Disease, Obesity & Associated Risk Factors & Promote	93.945	537,139
Cooperative Agreements to Support State-Based Safe Motherhood:		
Sudden Unexpected Infant Death 2013	93.946	3,220
Sudden Unexpected Infant Death 2014	93.946	23,103
Pregnancy Risk Assessment Monitoring System 2014	93.946	121,705
Pregnancy Risk Assessment Monitoring System 2015	93.946	19,962

STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
PERIOD ENDING JUNE 30, 2014

Federal Agency/Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
Preventive Health Services Sexually Transmitted Diseases Control Grants:		
Sexually Transmitted Disease 2013	93.977	401,473
Sexually Transmitted Disease 2014	93.977	378,092
Preventative Health and Health Services Block Grant:		
Preventative Health Service Block Grant 2012	93.991	271,816
Preventative Health Service Block Grant 2013	93.991	554,869
Maternal Child Health Services Block Grant to the States:		
Maternal Child Health Services 2013	93.994	1,235,336
Maternal Child Health Services 2014	93.994	2,103,377
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		48,725,479
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Joint Powers Agreements through the New Mexico Services Department:		
HSD Developmentally Disabled Medicaid Waiver - AIDS Waiver	93.778	8,650,929
HSD Pre Admission Screening Medicaid Waiver	93.778	375,816
HSD Resource Support Medicaid Waiver	93.778	337,891
HSD Facility Licensing and Certification Medicaid Waiver	93.778	624,993
HSD Facility Licensing and Certification Medicaid Waiver	93.778	915,580
TOTAL NEW MEXICO HUMAN SERVICES DEPARTMENT JPA'S:		10,905,209
NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT FLOW THROUGH GRANT		
Cooperative Agreement through EMNRD:		
WIPP Emergency Response Enhancement 2014	DE-FC29-88AL53813	81.106 116,977
TOTAL NEW MEXICO EMNRD FLOW THROUGH:		116,977
GRAND TOTAL		
TOTAL FEDERAL GRANT EXPENDITURES/REVENUE		\$ 115,145,776
Immunization Grants:		
US Department of Health and Human Services - Immunization Program Vaccine 2014 (In-Kind)	93.268	38,400,470
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES, CENTER FOR DISEASE CONTROL & PREVENTION		
TOTAL EXPENDITURES CASH / NON-CASH FEDERAL AWARDS		\$ 153,546,246

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014**

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal Awards includes the federal grant activity of the Department under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Department, it is not intended to and does not present the financial position or changes in net position of the Department.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available,

Clusters:	Federal CFDA No.
Medicaid Cluster:	
State Survey and Certification of Health Care Providers	93.777
Medical Assistance Program	93.778

NOTE 3. LOANS OUTSTANDING

The Department does not have any outstanding loans with the federal government nor does it make loans to others.

**STATE OF NEW MEXICO
DEPARTMENT OF HEALTH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
JUNE 30, 2014**

NOTE 4. NON-CASH ASSISTANCE

Amounts reported under Non-Cash Assistance do not represent cash expenditures but are based upon the value of drug vaccines provided to the State of New Mexico by the Federal Centers for Disease Control.

NOTE 5. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Department provided federal awards to local agencies of the WIC Food and Administration grant (CFDA 10.557) in the amount of \$1,159,689.

First Nations	\$ 219,961
First Choice	<u>939,728</u>
Total	<u>\$ 1,159,689</u>

NOTE 6. RECONCILIATION

Reconciliation of federal expenditures to federal revenue and assistance:

Per financial statements:

Federal revenue	\$ 89,060,246
Federal assistance in other financial Statement categories	24,330,302
In-kind assistance (Immunization)	38,400,470
Reimbursement to Federal government for prior year revenues	2,548,397
Reimbursement from HSD for expenditures not included as federal expenditures	<u>(793,169)</u>

Per Schedule of Expenditures of Awards	<u>\$ 153,546,246</u>
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CliftonLarsonAllen

CliftonLarsonAllen LLP
500 Marquette NW, Suite 800
Albuquerque, NM 87102
505-842-8290 | fax 505-842-1568
CLAconnect.com

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

Retta Ward, Cabinet Secretary
New Mexico Department of Health and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the New Mexico Department of Health, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the New Mexico Department of Health's basic financial statements, and the combining and individual funds and related budgetary comparisons of the New Mexico Department of Health, presented as supplemental information, and have issued our report thereon dated December 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the New Mexico Department of Health'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 New Mexico Department of Health's internal control. Accordingly, we do not express an opinion on the effectiveness of the New Mexico Department of Health'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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of

findings and questioned costs as items 2011-001 and 2014-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the New Mexico Department of Health's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-011, 2013-005, 2013-006, and 2014-002.

The New Mexico Department of Health's Responses to Findings

The New Mexico Department of Health's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The New Mexico Department of Health's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

CliftonLarsonAllen LLP



Albuquerque, New Mexico
December 15, 2014



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

Retta Ward, Cabinet Secretary
New Mexico Department of Health and
Mr. Hector H. Balderas
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited the New Mexico Department of Health's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the New Mexico Department of Health's major federal programs for the year ended June 30, 2014. The New Mexico Department of Health's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the New Mexico Department of Health's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the New Mexico Department of Health's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Family Planning Services, Immunization Cooperative Agreements, Medicaid Cluster Program, and MCH Block Grants

As described in the accompanying schedule of findings and questioned costs, the New Mexico Department of Health did not comply with requirements regarding CFDA 10.557 Special Supplemental Nutrition Program for Women, Infants and Children (WIC), CFDA 93.917 Family

Planning Services, CFDA 93.268 Immunization Cooperative Agreements, CFDA 93.777/778 Medicaid Cluster Program, and CFDA 93.994 MCH Block Grants as described in finding 2014-003 for Allowability – Time and Effort Reporting. Compliance with such requirements is necessary, in our opinion, for the New Mexico Department of Health to comply with the requirements applicable to that program.

Qualified Opinion on Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Family Planning Services, Immunization Cooperative Agreements, Medicaid Cluster Program, and MCH Block Grants

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the New Mexico Department of Health complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Special Supplemental Nutrition Program for Women, Infants and Children (WIC), Family Planning Services, Immunization Cooperative Agreements, Medicaid Cluster Program, and MCH Block Grants for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the New Mexico Department of Health complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-002, 2013-007, 2014-004, and 2014-005. Except as noted above, our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the New Mexico Department of Health is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the New Mexico Department of Health's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the New Mexico Department of Health's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-002, 2013-007, 2014-004, 2014-005, 2011-001, and 2014-006 to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP



Albuquerque, New Mexico
December 15, 2014

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

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

Type of auditors' report issued on compliance for major programs: Unmodified, except for a qualification with Allowability – Time and Effort Reporting over CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children (WIC), U.S. Department of Agriculture, and CFDA 93.917 – Family Planning Services, 93.268 – Immunization Cooperative Agreements, 93.777/778 – Medicaid Cluster Program, and 93.994 – MCH Block Grants, US. Department of Health and Human Services.

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

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section I - Summary of Auditors' Results (continued)

Identification of major programs:

CFDA

<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
93.069	Public Health Emergency Preparedness (PHEP)
93.217	Family Planning Services
93.268	Immunization Cooperative Agreements
93.777/93.778	Medicaid Cluster
93.917	HIV Care Formula Grants
93.994	MCH Block Grants

Dollar threshold used to distinguish
between type A and type B programs \$3,000,000

Auditee qualified as low-risk auditee? yes no

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section II – Financial Statement Findings

2011-001 Reconciliations and Financial Close and Reporting (Significant Deficiency)

Condition: During our audit test work and review of the Department's internal control environment, we noted the following issues:

- Multiple versions of the draft financial statements were provided as well as revisions to cash and capital assets test work that had already been substantially tested.
- Our reconciliation of federal revenue to federal expenditures as reported on the Schedule of Expenditures of Federal Awards noted multiple mathematical errors in the spreadsheet utilized by the Department. AJE Corrections in the amount of \$9,552 were included as adjustments to federal revenue, but not adjustments to federal expenditures as they should have been. In addition, the Department did not post the June 30, 2014 closing adjustments to reconcile federal revenue to the Schedule of Expenditures of Federal Awards in a timely manner. As a result, the Department prepared and posted adjustments in the amount of \$35,597.

Criteria: NMAC 2.20.5.8 requires agencies to ensure that all reporting of financial information be timely, complete and accurate. OMB Circular A-133 requires the Department to prepare a complete and accurate Schedule of Expenditures of Federal Awards that reconciles to the financial statements of the Department.

Cause: The reconciliations and financial close and reporting process are manual processes that have the potential to yield mathematical errors due to human error.

Effect: Possible misstatements of the financial statements as well as a delay in the start of completing test work based on final financial statement numbers.

Recommendation: We recommend the Department evaluate all aspects of the financial close and reporting process, and establish effective internal controls and procedures to ensure timely and accurate financial statements and supporting schedules.

Management's Response: The Department recognizes and acknowledges that improvement is needed in the financial reconciliations done throughout the fiscal year and plans to implement a new process to ensure this is done. However, we do not agree that the items cited above led to untimely or inaccurate financial reporting.

The Capital Assets schedule did have one significant change. The Financial Accounting Bureau noticed that the beginning balances did not tie to the prior year audit. DOH had identified this variance but neglected to insert the correction in the adjustment column of our schedule in the amount of \$37,667, which was between machinery and information technology. All other changes were for \$1 adjustments to bring the Net Position schedule and the Capital Assets Schedule in agreement.

Concerning the Deposit Schedule, the Department of Finance and Administration (DFA) directed DOH to make an adjustment to our schedule after it was submitted to Clifton, Larson, Allen, LLP. The Financial Accounting Bureau Chief prepared an AJE for this adjustment, as

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section II – Financial Statement Findings (continued)

**2011-001 Reconciliations and Financial Close and Reporting (Significant Deficiency)
(continued)**

directed, and the other adjustments were due to rounding so everything would tie to the final financial statements.

The draft financial statements were sent to the Department of Finance and Administration by the required due date and no material adjustments were made after this date.

In regards to the Schedule of Expenditures of Federal Awards (SEFA), we revised the spreadsheet that tracks our projects and it did include some manual calculations. DOH plans to improve upon this format and eliminate any manual calculations to resolve this issue. However, we cannot eliminate creating AJEs as the DFA deadline for journal entries and vouchers are the same. Once DFA posts all expenditures DOH then can ensure that the projects in the general ledgers have been posted accurately otherwise AJEs are needed. The Department has approximately 475 projects and had over \$115 million in federal grant expenditures and thus does not consider AJE corrections in the amount of \$9,552 and posted adjustments in the amount of \$35,597 to be material to our Schedule of Expenditures of Federal Awards and Financial Statements. However, as stated above we do plan to improve our process related to this to increase our accuracy related to the SEFA reporting.

Also the Department has acquired a tool that allows this function to be automated which will reduce report creation time and allow more time for financial analysis.

2014-001 Accounts Receivable (Significant Deficiency)

Condition: During our test work and review of the Department's internal control environment related to accounts receivable, we noted the following issues:

- The Department was unable to provide a subsidiary ledger for the Public Health Division accounts receivable balance as of June 30, 2014.
- The subsidiary ledgers for 2 of the 7 facilities did not agree to the accounts receivable balance in SHARE as of June 30, 2014.
- Management disclosed that 1 out of the 7 facilities did not obtain proper approval from ASD as required by Department policies and procedures related to the write-off of accounts receivable.

Criteria: The Manual of Model Accounting Practices requires that all state agencies "perform monthly reconciliations" and "Maintain accounts and information as necessary to show the sources of state revenues and the purpose for which expenditures are made and provide proper accounting control to protect state finances. Additionally, Section 6-5-2 NMSA 1978 states that "State agencies shall comply with the model accounting practices established by the Financial Control Division and the administrative head of each agency shall ensure that the model accounting practices are followed".

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section II – Financial Statement Findings (continued)

2014-001 Accounts Receivable (Significant Deficiency) (continued)

Cause: Since the inception of AVATAR in 2004, the Department has had a carry forward amount of accounts receivable in the subsidiary system utilized by the facilities that is uncollectible and unable to be removed from AVATAR by the Department. Additionally, the Department has not consistently followed its established policies and procedures related to the write-off of accounts receivable.

Effect: There is an increased risk of error or misstatement in the financial records. Also, the Department has not consistently followed its established policies and procedures related to the write-off of accounts receivable.

Recommendation: We recommend that the Department engage resources to assist in removing the carry forward amounts from AVATAR and agree subsidiary ledgers to SHARE. We also recommend that the Department monitor the policies and procedures in place over write-offs of accounts receivable to ensure that established policies and procedures are being followed.

Management's Response: Prior to year end, ASD requests of those Divisions and Facilities that bill for services provided to clients and patients to run a detail Accounts Receivable ledger as of the last day of the Fiscal period. The purpose is to develop a Net Realizable Accounts Receivable balance to record for year end. As with most healthcare facilities, gross A/R is not the same as Net Realizable. Gross Charges are more a measure of activity while Net Realizable is based on whether services are covered, contract arrangement and applicable fee schedules. DOH facilities provide a significant amount of services that are funded by the General Fund monies and therefore do not have a related accounts receivable amount, but may have charges applied to measure the activity provided to those individuals. For those services where the DOH Facility has an outside funding source to whom we can bill, the payment amount may not match to gross charge.

With that in mind, the project each year is for the revenue billing programs, Facilities and PHD, to develop a net realizable A/R balance to record for year end. The documentation is substantial as the sub-systems, AVATAR and BEHR, do not have high level of reporting capabilities. ASD and the programs get together to evaluate what has been developed to ensure a reasonable amount is recorded. These amounts are recorded prior to the close of the SHARE system in August. Additionally, DOH performs a review of the outstanding A/R amounts as of 9/30.

A measure of the accuracy of the Net Realizable A/R would be the magnitude of any adjustments made as of the 9/30 review. For this fiscal period there were not adjustments necessary to the year-end amounts recorded. Either the amounts had been collected or the billing entity was able to demonstrate the amount remaining were still collectable. The DOH perspective is that there is not a very high risk associated with Accounts Receivable amounts on our books.

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section II – Financial Statement Findings (continued)

2010-011 Untimely Reversion to State General Fund (Non-compliance in accordance with the New Mexico State Audit Rule)

Condition: It was noted that the Department did not revert the entire amount due to the State General Fund for the year ended June 30, 2011 from the Department's Capital Projects Fund in the amount of \$153,470.

Criteria: Per Audit Rule 2.2.2.12 A(6) authorized by Section 6-5-10(A) NMSA 1978 requires all unreserved, undesignated fund balances in reverting funds as of June 30 shall revert by September 30 to the State General Fund. The division may adjust the reversion within 45 days of the release of the audit report for that fiscal year. Failure to transfer funds in a timely manner in compliance with statute requires a finding.

Cause: Lack of internal controls and oversight to ensure all funds subject to reversion were reverted in a timely manner as required by Statute.

Effect: The Department is not in compliance with State Auditor Rule and State Statute.

Recommendation: We recommend that the Department establish effective controls necessary to ensure that all reverting funds are reverting in a timely manner.

Management's Response: DOH has been in constant and continuous contact with DFA regarding the proper disposition of this reversion amount. DOH cannot on its own decide how this can be resolved as it related to a capital project from another agency. Since year end, just recently, DOH received direction regarding this balance. This balance has now been resolved.

2013-005 Gas Card Control Process (Non-compliance in accordance with the New Mexico State Audit Rule)

Condition: During our testing, we were unable to obtain receipts for 6 out of 21 gas card transactions selected for testing totaling \$134. In addition, we noted 3 out of 4 exception reports selected for testing were not reviewed monthly.

Criteria: 1.5.3.19 NMAC – Each agency will evaluate fuel purchase exceptions reports provided by the fuel credit card company on a monthly basis. (1) Each agency shall establish use requirements and parameters on their fleet. Such parameters will include multiple daily transactions, number of gallons purchased at one time, limit dollars per transaction, off hour transaction, non-fuel transactions, and unauthorized purchases (soda, candy, etc.). (2) Transactions that cannot be justified must be investigated with a formal report summarizing the findings with recommendations. A copy of the report will be sent to the State Central Fleet Authority.

Cause: The Department has not consistently followed its established policies and procedures over the gas card control process due to staffing and work load.

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section II – Financial Statement Findings (continued)

2013-005 Gas Card Control Process (Non-compliance in accordance with the New Mexico State Audit Rule) (continued)

Effect: The Department is not in compliance with NMAC 1.5.3.19.

Recommendation: We recommend management establish effective controls and procedures to ensure gas cards are in compliance with applicable laws and department policy.

Management's Response: ASD has updated the process for performing this review by having an Accounting Supervisor be responsible for reviewing the monthly analysis on a timely basis. The Accounting Supervisor will work with the Fleet Management staff to keep these reviews up to date.

2013-006 Payroll Approved Pay Rates (Non-compliance in accordance with the New Mexico State Audit Rule)

Condition: During our Single Audit test work for CFDA 93.217 (Family Planning Services), it was noted that 2 out of 40 employee pay rates did not agree to the recalculated pay rate. One employee should have been paid at a rate of \$42.37/hour for the payroll period of 1/4/14 - 1/17/14, however they were being paid at a rate of \$33.56/hour. The other employee should have been paid at a rate of \$42.26/hour for the payroll period of 3/29/14 - 4/11/14, however they were being paid at a rate of \$33.03/hour.

Criteria: Model Accounting Practices HR 2.1(D) Control Table Maintenance – 1. State agencies shall document and request all changes in employee pay and deductions. 2. CPB shall approve and create/update employee earnings and deductions in SHARE.

Cause: The Department could not explain nor support the discrepancy between the authorized pay rate and the recalculated pay rate.

Effect: The employees could have received underpayment of wages in the aggregate amount of \$18.04/hour. Also, this can cause a misstatement in the financial records of the errors are not detected or corrected timely.

Recommendation: We recommend that the Department establish effective controls and procedures to ensure employees are paid at their authorized pay rates and that any discrepancies are researched and addressed accordingly.

Management's Response: The Human Resources Bureau has developed procedures to ensure that this situation is not able to occur in the future. The situation noted in the finding was corrected with all payment brought up to date. A review of rate changes made during the period was reviewed to ensure no other errors were made.

STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014

Section II – Financial Statement Findings (continued)

2014-002 Network Access (Compliance and Other Matters)

Condition: During the internal control test work over user access as it relates to the IT environment, we noted that 1 out of 2 employees tested did not have their access disabled within a timely manner after the effective date of termination. The former employee had an effective date of termination of 03/18/14, but access was not disabled until 04/16/14 yielding a 29 date difference.

Criteria: The Department should have effective controls and procedures in place to ensure user access is promptly disabled upon termination of an employee from the Department to prevent unauthorized access.

Cause: Lack of effective controls and procedures surrounding the employee termination process.

Effect: Possible unauthorized access to the system or unauthorized changes to the system.

Auditors' Recommendation: We recommend management establish effective controls and procedures to ensure terminated employees' system access are removed promptly.

Management's Response: Human Resource Bureau (HRB) and IT have created a reporting process whereby IT will receive a listing of individuals hired, or separated. IT will then gather the necessary documentation for programs to properly affect system access.

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs

2013-002 Federal Program Reporting (Significant Deficiency and Noncompliance)

Federal Program: CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
CFDA 93.069 – Public Health Emergency Preparedness (PHEP)
CFDA 93.217 – Family Planning Services

Federal Agency: U.S. Department of Agriculture (CFDA 10.557)
U.S. Department of Health and Human Services (CFDAs 93.069 and 93.217)

Federal Award Number/Year: 6NM700504 (2014) (CFDA 10.557)
5 U90 TP000537-02 (2014) (CFDA 93.069)
6 FPHPA066031-03-01 (2014) (CFDA 93.217)

Questioned Costs: \$0

Condition: During A-133 single audit reporting test work, the following exceptions were noted regarding federal financial reports:

- CFDA 10.557 – 2 out of 5 financial reports tested were not filed timely. Also, it was brought to our attention that the Federal Funding Accountability and Transparency Act (FFATA) reports are not being filed for first-tier subrecipients.
- CFDA 93.069 – 1 out of 2 financial reports tested was not complete with the state match requirement and recipient share of expenditures.
- CFDA 93.217 – 2 out of 2 financial reports tested were not complete with the amount of program income generated or the state match requirement and recipient share of expenditures.

Criteria: Per OMB Circular A-133, *Compliance Requirements Reporting – Financial Reporting*, the Department is required to maintain reports specified by the Federal agency.

Effect: The Department is in violation of federal requirements.

Cause: In regards to financial reports not filed timely, the Department misinterpreted communication from the Federal Cognizant Agent concerning the due dates of the reports. In regards to the FFATA reporting for first-tier subrecipients, the Department was unaware of the necessity to file the reports. In regards to the amount of program income generated and the state match requirement and recipient share of expenditures, the Department was not aware that these elements were to be reported on the financial reports.

Auditors' Recommendation: We recommend the Department gain clarification regarding the due dates of financial reports. We recommend the Department review the grant agreement and instructions for completing reports to ensure that reports are complete with required information. We also recommend that the Department implement procedures to ensure compliance with reporting requirements.

STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014

Section III – Federal Award Findings and Questioned Costs (continued)

**2013-002 Federal Program Reporting (Significant Deficiency and Noncompliance)
(continued)**

Management's Response: DOH will develop a cross functional team to address the reporting requirements related to grants. The purpose will be to ensure all grant reporting requirements are understood by all relevant programs. The team will develop a reporting structure to validate timely and complete reporting. The make-up of the team will include:

CFO – Chair
ASD Deputy Director
Grants Bureau
Financial Accounting Bureau
Financial Manager of Divisions with Federal Grants Managers of significant grant programs (e.g. – WIC)

The reporting schedule will be reviewed monthly at the Financial Review Meeting.

2013-007 Special Tests and Provisions (Significant Deficiency and Noncompliance)

Federal Program: CFDA 93.268 – Immunization Cooperative Agreements

Federal Agency: U.S. Department of Health and Human Services

Federal Award Number/Year: 5H23IP000716-02 (2014)

Questioned Costs: \$0

Condition: During our testing of special tests and provisions internal control and compliance requirements for CFDA 93.268, we noted that 3 out of 12 provider audits reviewed did not evidence necessary follow-up procedures for deficiencies identified.

Criteria: Per the OMB Circular A-133 compliance requirement, the grantee is to provide oversight of program-enrolled providers to ensure that proper control and accountability is maintained for all vaccine under the VFC program.

Effect: The Department is not maintaining adequate records to evidence necessary follow-up procedures were followed if any deficiencies were identified.

Cause: As of the end of February 2014, the Department transitioned to the Provider Education, Assessment and Reporting (PEAR) system. It is the CDC's new online system allowing site visit reviewers to conduct site visits, track progress on follow-ups and schedule upcoming visits. The Department staff have been instructed to utilize the online system to adequately track site visits, but there has been a slow transition to do so.

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs (continued)

**2013-007 Special Tests and Provisions (Significant Deficiency and Noncompliance)
(continued)**

Auditors' Recommendation: We recommend the Department convey the importance of adequately documenting follow-up procedures to Department staff to evidence that they were performed, appropriate action was taken for any identified deficiencies, and the time frame for doing such was met.

Management's Response: Upon receipt of the audit findings on November 3, the Immunization Program notified the DOH Regional Coordinator for the Metro/Northwest Regional Office, which resolved the follow-up issues and marked them as resolved in the CDC PEAR database by November 7.

Subsequently, the Immunization Program enhanced its commitment to assuring that any outstanding follow-up items were resolved—and identified as resolved in the PEAR database—by re-iterating roles and clarifying steps for resolution of problematic questions. The story behind the missing follow-up activities and documentation is that in January 2014 the CDC implemented a new on-line site visit system using the PEAR data base for Vaccines for Children site audits. This has required significant retraining for the approximately 15 staff and contractors who implement the audits. Because the system is so new, there have been many unanswered questions as CDC has been working out the details as we go. Additionally, there have been contractual changes needed to pay for follow-up services which are now defined by PEAR and become new line items, while before they were simply part of the site visit.

The missing follow-up documentation was completely related to these system changes. Since the finding, the Program has worked to create a question and answer sheet that provides needed direction to site visitors (see excerpt below). We have clarified outstanding contract issues so that follow-up activities can be paid for. And we clarified that Regional Immunization coordinators are responsible for tracking follow-up activities for their Region. Any issues where follow-up can be done immediately can be checked off and documented the same day and as part of the site visit.

This is a complex issue that will require continuous attention, we believe there has been good progress in addressing the underlying issues.

2014-003 Allowability – Time and Effort Reporting (Qualification – Material Weakness and Noncompliance)

Federal Program: CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
CFDA 93.217 – Family Planning Services
CFDA 93.268 – Immunization Cooperative Agreements
CFDA 93.777/778 – Medicaid Cluster Program
CFDA 93.994 – MCH Block Grants

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs (continued)

2014-003 Allowability – Time and Effort Reporting (Qualification – Material Weakness and Noncompliance) (continued)

Federal Agency: U.S. Department of Agriculture (CFDA 10.557)
U.S. Department of Health and Human Services (CFDAs 93.217, 93.268,
93.777, and 93.994)

Pass through Agency: New Mexico Human Services Department (CFDA 93.778)

Federal Award Number/Year: 6NM700504 (2014) (CFDA 10.557)
6 FPHPA066031-03-01 (2014) (CFDA 93.217)
5H23IP000716-02 (2014) (CFDA 93.268)
Section 1864 Agreement (2014) (CFDA 93.777)
JPA 11-630-8000-0003 (2014) (CFDA 93.778)
6B04MC26683-01-05 (2014) (CFDA 93.994)

Questioned Costs: Unknown

Condition: During single audit test work over allowable costs, the following issues were noted which are detailed by CFDA and Federal Program:

CFDA 10.557

- On 1 out of 45 employees payroll transactions tested, the approved time by a Non-WIC supervisor was not subsequently reviewed by a 100% WIC supervisor.
- For a supervisor who approved 1 out of 45 employees' time, an identification of programs which the supervisor worked on during the FY was unable to be made as supervisor information could not be located by the Program. As such, we were unable to determine whether the employee's time was approved by a 100% WIC supervisor.

CFDA 93.217

- On 40 out of 40 payroll transactions tested, the amount charged to the grant was based on budget hours rather than actual hours.
- On 2 out of 40 payroll transactions tested, the recalculated wage rate per the payroll register does not agree to the approved wage rate per SHARE. As a result, the net amount undercharged to the grant totaled approximately \$1,303.

CFDA 93.268

- On 15 out of 40 payroll transactions tested, the timesheets provided did not agree to the hours charged to the grant within SHARE. As a result, the net amount overcharged to the grant totaled approximately \$4,099.

STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014

Section III – Federal Award Findings and Questioned Costs (continued)

2014-003 Allowability – Time and Effort Reporting (Qualification – Material Weakness and Noncompliance) (continued)

CFDA 93.777/778

- On 1 out of 43 payroll transactions tested, the timesheets provided did not agree to the hours charged to the grant within SHARE. As a result, the net amount overcharged to the grant totaled approximately \$1,561.
- On 1 out of 43 employees payroll transactions tested, the approved time by a Non-Medicaid supervisor was not subsequently reviewed by a 100% Medicaid supervisor.

CFDA 93.994

- On 9 out of 40 payroll transactions tested, the Department was unable to provide the manual timesheets.

Criteria: Per OMB A-133 and federal agreements, the programs will be reimbursed for actual costs incurred. A-102 Common Rule requires that non-Federal entities receiving Federal Awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. In addition, 2 CFR Part 225 states that where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by at least semi-annual certifications and signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. According to Department policy, a supervisor working solely on the Federal award is to approve the timesheet.

Effect: Non-compliance with applicable regulations, possible undercharges and overcharges to the federal grants.

Cause: The Department has not established nor maintained internal control designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements as well as compliance with Department policy.

Auditors' Recommendation: We recommend the Department to establish and maintain internal control to reasonably ensure compliance with Federal laws, regulations and program compliance requirements as well as Department policy.

Management's Response: CFDA 93.268 The Immunization Program acknowledges Federal Timesheets from employees that had incorrect funding placements for hours reported during a pay period. The hours reported were correct but the funding placement percentages were not. Expenditures made to SHARE were correct on the payroll as the Grant Award states. A few expenditures were placed under a different project ID due to insufficient funding at that time in the fund code.

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs (continued)

2014-003 Allowability – Time and Effort Reporting (Qualification – Material Weakness and Noncompliance) (continued)

To prevent this action from occurring again, the Immunization Program has created a user manual for employee reference. The manual displays different scenarios for hours worked or hours of leave reported. The timesheets that are submitted each pay period will be reviewed by the financial staff of the Immunization Program for appropriate funding percentage placements. If a Federal Timesheet is incorrect, it will be returned to the immediate supervisor for correction before it can be logged as received for record keeping. Each Federal Timesheet that an employee receives has a calendar year worth of pay period tabs to reflect the grant period. The table on each timesheet reflects the percentage of the employee's funding source/s. This process will assist existing and new employees with the requirements of reporting accurate funding source percentages for hours reported.

2014-004 Eligibility (Significant Deficiency and Noncompliance)

Federal Program: CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children (WIC)

Federal Agency: U.S. Department of Agriculture

Federal Award Number/Year: 6NM700504 (2014)

Questioned Costs: \$0

Condition: During single audit test work over eligibility for CFDA 10.557, we noted the following issues:

- In 4 out of 40 files tested, the Department could not locate the Participant's Income Statement/Rights and Responsibilities form which documents the Department's internal process for reviewing and assessing financial and nutritional risk assessments for eligibility.
- In 5 out of 40 files tested, we noted that there was not a review of the files since the same individual signed when determining income eligibility and screening nutritional risk.

Criteria: Per 7 CFR sections 246.7(c), (d), (e), (g), and (l), to be certified eligible for WIC Program benefits, the applicants must meet categorical, identity and residency, income, and nutritional risk eligibility criteria. In accordance with Policy Number CO 003 of the WIC Policy and Procedures Manual, Part III Separation of Duties, when only one WIC employee is available to conduct certifications and issue benefits for applicants/participants other than themselves, their relatives or friends, the WIC Region Nutrition Supervisor shall review ten percent of all participant records that were certified and benefits issued by the one staff person during that particular day(s). The record review shall be completed within 30 days and shall be kept on file and made available for review during quality assurance monitoring.

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs (continued)

2014-004 Eligibility (Significant Deficiency and Noncompliance) (continued)

Effect: Non-compliance with applicable regulations and policies, possible non-eligibility of participants receiving benefits.

Cause: Lack of effective internal controls associated with the eligibility process.

Auditors' Recommendation: We recommend the Department to implement effective internal controls and monitor the process to reasonably ensure compliance with regulations and policy.

Management's Response: New Mexico WIC Region Managers have been notified at the October 2014 Program Manager meeting that Participant Rights and Responsibilities must be kept for four Federal Fiscal years. Staff will be notified and trained by Region WIC Manager using forms document, "Required Program Files" on procedure for keeping this document on file in clinic.

New Mexico WIC Region Managers have been notified at the October 2014 Program Manager meeting that staff must follow Clinic Operations Policy CO 003; Separation of Duties. Staff will be notified and trained by Region WIC Manager using CO 003 and form "Separation of Duties for WIC Employees" form. All NM WIC Region Managers will notify NM WIC Director when trainings have been completed.

2014-005 Program Income (Significant Deficiency and Noncompliance)

Federal Program: CFDA 93.268 – Immunization Cooperative Agreements
CFDA 93.994 – MCH Block Grants

Federal Agency: U.S. Department of Health and Human Services

Federal Award Number/Year: 5H23IP000716-02 (2014) (CFDA 93.268)
6B04MC26683-01-05 (2014) (CFDA 93.994)

Questioned Costs: \$0

Condition: During A-133 single audit program income test work, the following exceptions were noted:

- CFDA 93.268 – The program income tracked by the Program did not agree to the program income recorded in the GL. There were 2 deposits listed twice in the tracking spreadsheet. After accounting for reconciling items, the tracking spreadsheet did not agree to the GL by approximately \$38,000. The GL, however, was correct. The spreadsheet utilized by the Program had not been updated.
- CFDA 93.994 – The Program did not track the program income generated and, therefore, was not reconciled to the GL.

STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014

Section III – Federal Award Findings and Questioned Costs (continued)

2014-005 Program Income (Significant Deficiency and Noncompliance) (continued)

Criteria: Per the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215), non-Federal entities receiving Federal awards are required to establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. In regards to program income, non-federal entities are to have a mechanism in place to ensure that program income is properly recorded as earned and deposited in the bank as collected.

Effect: Non-compliance with applicable regulations, possible improper recording of program income.

Cause: Lack of effective internal controls associated with the tracking of program income.

Auditors' Recommendation: We recommend the Department to implement effective internal controls and monitor the process to reasonably ensure compliance with regulations and policy.

Management's Response: CFDA 93.268 - The Immunization Program was utilizing a spreadsheet as an unofficial log of incoming reimbursements that were delivered to the office. The reimbursements were logged in the tracking sheet as received by the Program and filed for reference. The tracking sheet was a mechanism for logging incoming copies, not a financial tool for comparing to the general ledger. The official log of Immunization Program income is tracked by the Program Support Bureau for reconciliation to the General Ledger. Income is filed by month and is validated to the general ledger as confirmation of deposit to the appropriate program.

The program is not in agreement with the finding since the cited spreadsheet is not an official financial document to track Program income.

The MCH Block Grant program has been using the Grant Bureau information as the measure of revenues. However, there was not a validation process during the year. That review will be part of the monthly Financial review reporting.

2011-001 Reconciliations and Financial Close and Reporting (Significant Deficiency)

Federal Program: CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
CFDA 93.069 – Public Health Emergency Preparedness (PHEP)
CFDA 93.217 – Family Planning Services
CFDA 93.268 – Immunization Cooperative Agreements
CFDA 93.777/778 – Medicaid Cluster Program
CFDA 93.917 – HIV Care Formula Grants
CFDA 93.994 – MCH Block Grants

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs (continued)

**2011-001 Reconciliations and Financial Close and Reporting (Significant Deficiency)
(continued)**

Federal Agency: U.S. Department of Agriculture (CFDA 10.557)
U.S. Department of Health and Human Services (CFDAs 93.069, 93.217,
93.268, 93.777/778, 93.917, and 93.994)

Pass through Agency: New Mexico Human Services Department (CFDA 93.778)

Federal Award Number/Year: 6NM700504 (2014) (CFDA 10.557)
5 U90 TP000537-02 (2014) (CFDA 93.069)
6 FPHPA066031-03-01 (2014) (CFDA 93.217)
5H23IP000716-02 (2014) (CFDA 93.268)
Section 1864 Agreement (2014) (CFDA 93.777)
JPA 11-630-8000-0003 (2014) (CFDA 93.778)
2 X07HA00084-24-00 (2014) (CFDA 93.917)
6B04MC26683-01-05 (2014) (CFDA 93.994)

Questioned Costs: \$0

Condition: During our audit test work and review of the Department's internal control environment, we noted the following issue:

- Our reconciliation of federal revenue to federal expenditures as reported on the Schedule of Expenditures of Federal Awards noted multiple mathematical errors in the spreadsheet utilized by the Department. AJE Corrections in the amount of \$9,552 were included as adjustments to federal revenue, but not adjustments to federal expenditures as they should have been. In addition, the Department did not post the June 30, 2014 closing adjustments to reconcile federal revenue to the Schedule of Expenditures of Federal Awards in a timely manner. As a result, the Department prepared and posted adjustments in the amount of \$35,597.

Criteria: NMAC 2.20.5.8 requires agencies to ensure that all reporting of financial information be timely, complete and accurate. OMB Circular A-133 requires the Department to prepare a complete and accurate Schedule of Expenditures of Federal Awards that reconciles to the financial statements of the Department.

Cause: The preparation of the SEFA is a manual process that has the potential to yield mathematical errors due to human error.

Effect: Possible misstatements of the financial statements related to federal expenditures and federal revenue.

Recommendation: We recommend the Department evaluate all aspects of the financial close and reporting process, and establish effective internal controls and procedures to ensure timely and accurate financial statements and supporting schedules.

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs (continued)

**2011-001 Reconciliations and Financial Close and Reporting (Significant Deficiency)
(continued)**

Management's Response: To reconcile the SEFA to the adjusted WTB is a dynamic process. In order to ensure all updated amounts are included in the SEFA, it is a requirement within ASD that all AJE that contain a project ID must be approved by the Grants Supervisor. DOH believes that this process is giving us the most up to date information on the SEFA. What occurred in what is noted in the finding is that an adjustment was created, however, the timing of the AJE being provided to Grants crossed paths with an updated report being provided to the auditors. As our report development is quite manual, this result in there being two numbers being available. DOH is resolving this issue by implementing a new FS development tool that will provide real time reporting.

2014-006 Reconciliation of Indirect Cost Rate Data to Financial Data (Significant Deficiency)

Federal Program: CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
CFDA 93.069 – Public Health Emergency Preparedness (PHEP)
CFDA 93.217 – Family Planning Services
CFDA 93.268 – Immunization Cooperative Agreements
CFDA 93.777/778 – Medicaid Cluster Program
CFDA 93.917 – HIV Care Formula Grants
CFDA 93.994 – MCH Block Grants

Federal Agency: U.S. Department of Agriculture (CFDA 10.557)
U.S. Department of Health and Human Services (CFDAs 93.069, 93.217, 93.268, 93.777/778, 93.917, and 93.994)

Pass through Agency: New Mexico Human Services Department (CFDA 93.778)

Federal Award Number/Year: 6NM700504 (2014) (CFDA 10.557)
5 U90 TP000537-02 (2014) (CFDA 93.069)
6 FPHPA066031-03-01 (2014) (CFDA 93.217)
5H23IP000716-02 (2014) (CFDA 93.268)
Section 1864 Agreement (2014) (CFDA 93.777)
JPA 11-630-8000-0003 (2014) (CFDA 93.778)
2 X07HA00084-24-00 (2014) (CFDA 93.917)
6B04MC26683-01-05 (2014) (CFDA 93.994)

Questioned Costs: \$0

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2014**

Section III – Federal Award Findings and Questioned Costs (continued)

2014-006 Reconciliation of Indirect Cost Rate Data to Financial Data (Significant Deficiency) (continued)

Condition: During our audit test work over the indirect cost rate proposal, we noted the following issues:

- Amounts reported as capital expenditures did not agree to the FY12 audited actual expenditures by an amount of \$4,958,762. The Department, however, was in compliance with the approved indirect cost rate agreement after adjusting to the FY12 audited actual capital expenditures as the indirect costs charged to the grants were in agreement with the approved indirect cost rate.
- Amounts reported as total financial statement expenses did not agree to the FY12 audited actual expenditures by an amount of \$1,899,966. The Department, however, was in compliance with the approved indirect cost rate agreement after adjusting to the FY12 audited actual total financial statement expenditures as the indirect costs charged to the grants were in agreement with the approved indirect cost rate.

Criteria: NMAC 2.20.5.8 requires agencies to ensure that all reporting of financial information be timely, complete and accurate. OMB Circular A-133 requires the Department to prepare a complete and accurate Schedule of Expenditures of Federal Awards that reconciles to the financial statements of the Department.

Cause: The Department lacks effective internal controls associated with the verification of the indirect cost rate data to the audited financial data.

Effect: Non-compliance with applicable regulations, possible undercharges and overcharges to the federal grants.

Recommendation: We recommend the Department to implement effective internal controls and monitor the process to reasonably ensure compliance with regulations.

Management's Response: The trial balance the Department used to prepare the indirect cost proposal did not include some AJEs. Had these AJEs been included the effect on the calculated rates would have been minimal. However, the Department chose to request a lower percentage of 15% compared to what was calculated on the proposal. Thus, in our opinion not including the AJEs did not materially affect the indirect cost percentage used. The 15% indirect cost rate was used accurately on all our draws and reported accurately on our Schedule of Expenditures of Federal Awards. In the future DOH will ensure amounts reported as total financial statement expenses on the Indirect Rate Proposal schedules do agree to the audited, actual expenditures

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

2010-011	(2010-11)	Untimely Reversion to State General Fund	Revised/Repeated
2011-001	(2011-01)	Monthly Reconciliations and Financial Close and Reporting	Revised/Repeated
2013-01		Medicaid Settlement Agreement	Resolved
2013-002	(2013-02)	Federal Program Reporting	Revised/Repeated
2013-03		Travel and Per Diem	Resolved
2013-04		Capital Assets Disposal	Resolved
2013-005	(2013-05)	Gas Card Control Process	Revised/Repeated
2013-006	(2013-06)	Payroll Approved Payrates	Revised/Repeated
2013-007	(2013-07)	Special Tests and Provisions	Revised/Repeated

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
EXIT CONFERENCE
June 30, 2014**

An exit conference was held with the Department on December 8, 2014. The conference was held at the offices of the Department of Health in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

STATE OF NEW MEXICO DEPARTMENT OF HEALTH

Leonard Tapia, DOH-CFO
Mark Williams, DOH-Director, Public Health
Lee Collen, DOH-ERD
Retta Ward, Cabinet Secretary
James Chadburn, DOH-FAB Bureau Chief
Kim Keahbone, DOH-ASD Deputy Director
Lynn Gallagher, DOH-Deputy Secretary

CLIFTONLARSONALLEN LLP

Georgie Ortiz, CPA, CGFM, Principal in Charge
Laura Beltran-Schmitz, CPA, CFE, Engagement Director
Jane Tinker, CPA, Senior Associate