

NEW MEXICO DEPARTMENT OF HEALTH

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019



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**NEW MEXICO DEPARTMENT OF HEALTH
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**NEW MEXICO DEPARTMENT OF HEALTH
OFFICIAL ROSTER
YEAR ENDED JUNE 30, 2019**

Department Officials

<u>Title</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Cabinet Secretary	Kathy Kunkel	Kathy Kunkel
Deputy Secretary – Facilities	Vacant	Vacant
Deputy Secretary – Programs	Dr. Abinash Achrekar	Dr. Abinash Achrekar
Chief Financial Officer	Charles Jaramillo	Charles Jaramillo
General Counsel	Billy Jimenez	Billy Jimenez
Chief Information Officer	Terry Reusser	Terry Reusser
Chief Medical Officer	Thomas Massaro, M.D.	Thomas Massaro, M.D.
State Epidemiologist	Michael Landen, M.D.	Michael Landen, M.D.

Division Directors

<u>Title</u>	<u>June 30, 2019</u>	<u>December 31, 2018</u>
Administrative Services	Eric Chenier	Vacant
Public Health	Jeff Lara (interim)	Jeff Lara (interim)
Public Health (Continued)	Cathy Rocke (Interim)	Cathy Rocke (Interim)
Epidemiology & Response	Michael Landen, M.D.	Michael Landen, M.D.
Scientific Laboratory	Twila Kunde (Interim)	Twila Kunde (Interim)
Developmental Disabilities Support Division	Jason Cornwell	Jason Cornwell
Health Facility Licensing & Certification	Christopher Burmeister	Christopher Burmeister (Interim)
Medical Cannabis	Kenny Vigil	Kenny Vigil



INDEPENDENT AUDITORS' REPORT

Ms. Kathy Kunkel, Cabinet Secretary
New Mexico Department of Health
and Mr. Brian Colón, New Mexico State Auditor
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, 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, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Ms. Kathy Kunkel, Cabinet Secretary
New Mexico Department of Health
and Mr. Brian Colón, New Mexico State Auditor

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, 2019, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue 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 New Mexico Department of Health 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 of Health. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2019, 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 13 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 financial statements that collectively comprise the New Mexico Department of Health's basic financial statements. The combining and individual nonmajor fund financial statements, the budgetary comparisons, and other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Ms. Kathy Kunkel, Cabinet Secretary
New Mexico Department of Health
and Mr. Brian Colón, New Mexico State Auditor

The combining and individual nonmajor fund financial statements, the budgetary comparisons, other schedules required by Section 2.2.2 NMAC (except for the prior years' information on Schedule 7 – Supplementary Schedule of Special Appropriations and prior years' information on the Indigent Care Cost and Funding Report – NMBHI, FBMC, TLH, NMRC), and the schedule of expenditures of federal awards 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Indigent Care Cost and Funding Report – NMBHI, FBMC, TLH, NMRC (prior years' information only) and prior years' information on Schedule 7 – Supplementary Schedule of Special Appropriations has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019 on our consideration of the New Mexico Department of Health'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the New Mexico Department of Health's 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 New Mexico Department of Health's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 1, 2019

**NEW MEXICO DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Introduction

The following Management's Discussion and Analysis (MD&A) for the State of New Mexico's Department of Health ("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, 2019 (FY19). 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.

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 Department assets, liabilities, and 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 accrual basis of accounting.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Department, like other state agencies, uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

- Governmental fund statements include the Balance Sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balances. These Balance Sheets and Statements 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, major funds and non-major funds. A separate column is presented to report any variances between the final budget and actual amounts.
- The Statement of Fiduciary Net Position 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.

**NEW MEXICO DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Additional information about the data provided in the financial statements is found in the Notes to the Financial Statements, Required Supplementary Information, and the Other Supplementary Information sections of this report.

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>		Amount Change	Percent Change
	<u>FY 2019</u>	<u>FY 2018</u>		
Assets:				
Cash, Restricted and Nonrestricted	\$ 25,705	\$ 24,696	\$ 1,009	4.1%
Other Current Assets	28,124	26,343	1,781	6.8%
Noncurrent Assets	7,051	50,102	(43,051)	-85.9%
Total Assets	\$ 60,880	\$ 101,141	\$ (40,261)	-39.8%
Liabilities:				
Current Liabilities	\$ 46,486	\$ 44,744	\$ 1,742	3.9%
Long-Term Liabilities	-	49,516	(49,516)	-100.0%
Total Liabilities	46,486	94,260	(47,774)	-50.7%
Net Position:				
Net Investment in Capital Assets	7,051	(153)	7,204	-4708.5%
Restricted	10,608	10,999	(391)	-3.6%
Unrestricted (Deficit)	(3,265)	(3,965)	700	-17.7%
Total Net Position	14,394	6,881	7,513	109.2%
Total Liabilities and Net Position	\$ 60,880	\$ 101,141	\$ (40,261)	-39.8%

**NEW MEXICO DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Significant factors impacting the Department's financial position and results of operations during the year ended June 30, 2019 are as follows:

Assets

Total assets decreased by approximately \$40.3 million or 39.8%. This decrease resulted from several factors:

- An increase balance of Investments in the State General Fund Investment Pool and cash accounts of approximately \$1 million or 4.1%. More information on significant revenue variations can be found in the FY19 Operating Budget section.
- Other current assets increased by \$1.8 million or 6.8% of which is comprised mostly of an increase of \$2.4 million due from Federal Government.
- A decrease in Non-Current Assets of approximately \$43.1 million or 85.9% occurred primarily from the removal of the Fort Bayard Building.

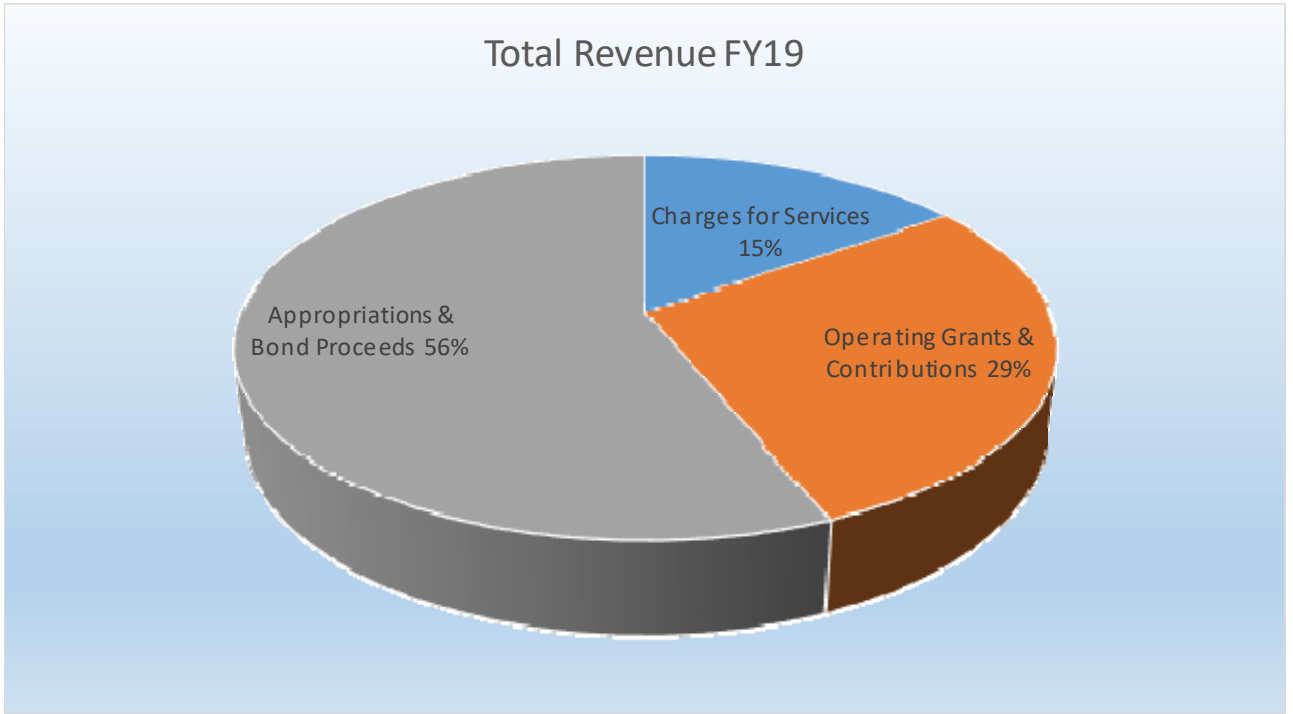
Liabilities and Net Position

Total liabilities decreased by approximately \$47.8 million or 50.7%. This net increase was primarily due to:

- An increase of \$2.7 million or 12.7% in the payables account.
- A decrease of \$2.9 million in the amount due to State General Fund. This decrease was due to transferring funds to DFA for the FY18 reversion.
- An increase of \$2.3 million or 49% in the amount due to Other State Agencies. Most of this change is the net difference between the FY18 transfer of \$4.5 million and the amount due for FY19 of \$7.0 million for the Human Services Department (HSD) from the Developmentally Disabled Waiver Program.
- Long-term Liabilities decreased by \$49.5 million or 100%. This decrease was primarily due to a net decrease to compensated absences and a net decrease to capital lease payable.
- The Department had no deferred inflow or outflow of resources.

**NEW MEXICO DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The chart below illustrates the types of revenue received in FY19 by the Department:



**NEW MEXICO DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

Changes in Net Activities

The table below summarizes the change in the Department's net activities between the fiscal years ending June 30, 2019 and 2018.

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

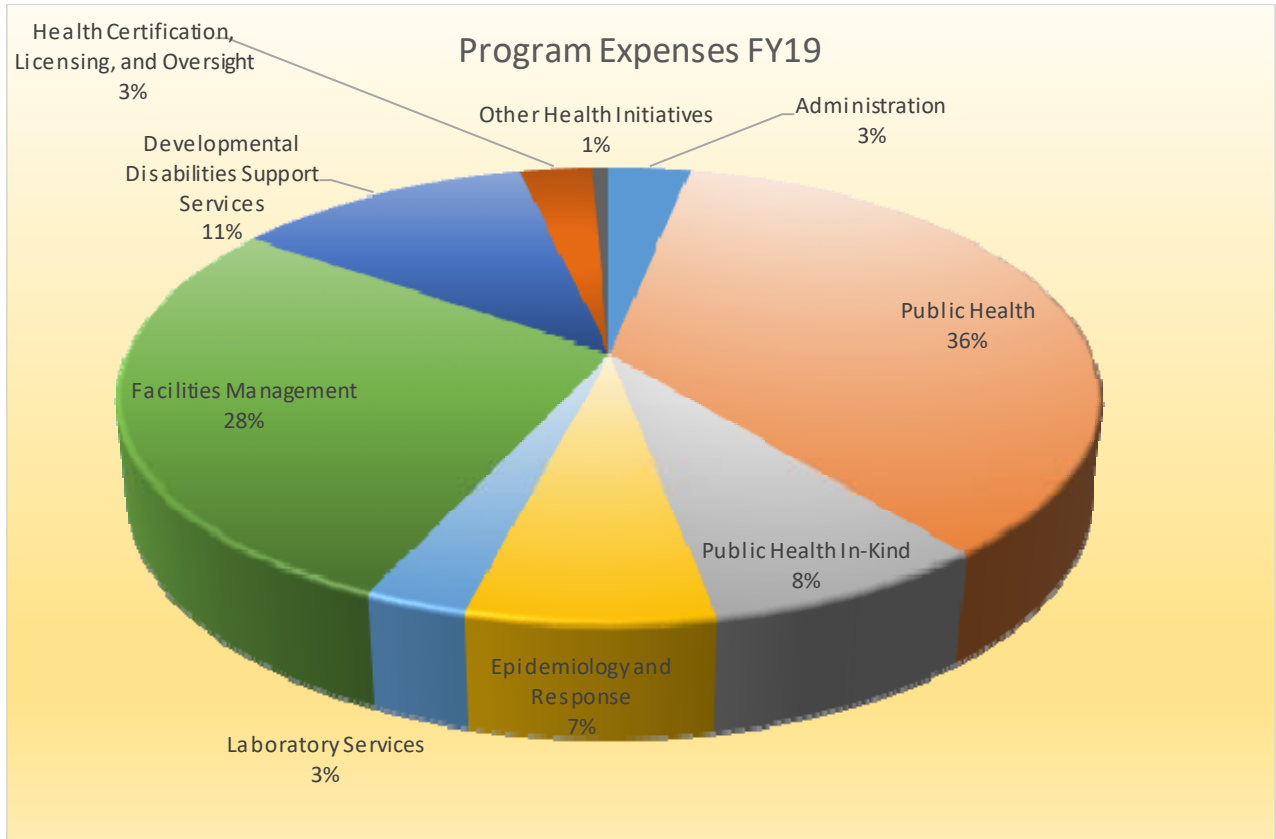
	<u>Governmental Activities</u>			
	<u>FY 2019</u>	<u>FY 2018</u>	<u>Amount Change</u>	<u>Percent Change</u>
Revenues:				
Program Revenue:				
Charges for Services	\$ 86,608	\$ 91,198	(4,590)	-5.0%
Operating Grants and Contributions				
Contributions	160,742	156,726	4,016	2.6%
Total Program Revenue	<u>247,350</u>	<u>247,924</u>	<u>(574)</u>	<u>-0.2%</u>
General Revenue:				
Transfers, Net (before NMSVH)	(123,552)	(115,538)	(8,014)	6.9%
Transfers of NMSVH capital assets	-	(1,550)	1,550	-100.0%
Net Gains from transfer of Ft Bayard Bldg	7,473	-	7,473	0.0%
Bond Proceeds/Appropriations	317,009	303,874	13,135	4.3%
Investment Income	104	4	100	2500.0%
Gain (Loss) on Capital Asset				
Disposal	(1,068)	(51)	(1,017)	1994.1%
Reversion	(4,884)	(7,149)	2,265	-31.7%
Total General Revenue	<u>195,082</u>	<u>179,589</u>	<u>15,492</u>	<u>8.6%</u>
Total Revenues	442,432	427,513	14,919	3.5%
Expenses	<u>434,919</u>	<u>429,189</u>	<u>5,730</u>	<u>1.3%</u>
Changes in Net Position	7,513	(1,676)	9,189	-548.3%
Net Position - Beginning of Year	6,881	8,823	(1,942)	-22.0%
Changes to Beginning Net Position:				
Transfer of NMSVH fund balance	-	(265)	265	-100.0%
Changed Beginning Net Position	<u>6,881</u>	<u>8,558</u>	<u>(1,677)</u>	<u>-19.6%</u>
Net Position - End of Year	<u>\$ 14,394</u>	<u>\$ 6,881</u>	<u>\$ 7,512</u>	<u>109.2%</u>

As indicated in Table 2, the Department's ending net position increased by \$7.5 million over FY18 or approximately 109.2%. The Department experienced an increase in total revenue of approximately \$14.9 million or 3.5%. Program revenues decreased by approximately \$574 thousand or .2%. Changes from programs over \$1 million are as follows: Public Health Division revenues decreasing by \$4.3 million, the Developmental Disability Services Division decreased by \$1.4 million and Epidemiology and Response increased by \$3.5 million.

General revenues, not including reversions, increased by approximately \$13.2 million or 7.1%. Net transfers increased by approximately \$8 million or 6.9%, due to an increase of \$8.0 million more in Grants to other State Agencies. General Fund appropriations from DFA decreased by \$12.0 million from FY18. The Distribution from State Permanent Fund decreased by \$2.3 million from FY18.

**NEW MEXICO DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The chart below shows expenses by program in FY19 for the Department:



Total expenses increased by approximately \$5.3 million or 1.2%, due primarily to an increase in personnel costs. DOH's personnel costs increased by \$7.4 million, contractual costs increased by \$2.7 million, and there was a decrease in other operating costs of \$4.8 million. The decrease in operating costs includes the reduced depreciation expense from the removal of the Fort Bayard Capital Lease.

The increase of revenues over expenditures in FY19 resulted in an increase in net position of \$7.5 million. During November 2018, the Department's capital lease obligation terminated as this building was purchased by General Services Division from Grant County. The removal of the Fort Bayard Capital Lease contributed significantly to the change in the FY19 net position due to the net gain from the transfer. Combined with a beginning of year net position of \$6.9 million, the Department concluded the fiscal year with an ending net position totaling approximately \$14.4 million.

**NEW MEXICO DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

FY19 Operating Budget

The Department's initial operating budget for Fiscal Year 2019 totaled \$543.1 million, including \$292.2 million in General Fund, in accordance with Laws 2018, Chapter 73 the General Appropriation Act. Budget adjustment increases/decreases totaling approximately \$8.4 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 \$551.5 million.

Significant adjustments to the FY19 appropriated operating budget included:

- A budget increase of \$3,945,400 in Federal Funds for the Epidemiology and Response Division for the Public Health Crisis Response - 2018 Opioid Cooperative Agreement grant award from the Centers for Disease Control (CDC);
- A category transfer in the amount of \$3,200,000 in Personal Services and Employee Benefits (200) category to the Other (400) category for the Facilities Management Division to cover the relocation costs for the Turquoise Lodge Hospital and ligature costs for Turquoise Lodge and New Mexico Behavioral Health Institute for the remainder of FY19;
- A category transfer in the amount of \$1,745,000 for the Epidemiology and Response Division to re-align the funds from Other (400) category to the Contractual Services (300) category for the Public Health Response - 2018 Opioid Cooperative Agreement grant award funds from the Centers for Disease Control (CDC);
- A category transfer in the amount of \$1,519,000 for the Epidemiology and Response Division to realign excess budget within the Personal Services and Employee Benefits (200) category, Contractual Services (300) category and the Other (400) category to cover opioid, sexual assault, Youth Risk and Resiliency (YRRS) and emergency response contracts;
- A fund balance budget increase in the amount of \$1,470,094 into the Other Financing Uses (500) category by the Developmental Disabilities Support Division's Family Infant Toddler (FIT) program for provider agreements;
- A program transfer in the amount of \$1,400,000 from the Public Health Division to the Facilities Management Division to assist with personnel costs;
- A budget increase of \$960,000 in Federal Funds for the Epidemiology and Response Division to budget the Infectious Disease (ELC) Grant carryover funding;
- A category transfer in the amount of \$900,000 from the Other (400) category to the Contractual Services (300) category for the Public Health Division's Women, Infants and Children (WIC) Program to support funding for a new healthcare facility in Edgewood, NM;
- A category transfer in the amount of \$800,000 for the Facilities Management Division from the Other (400) category to the Contractual Services (300) category to cover actual and projected expenditures through June 30th for the recruitment and retention of contract nursing staff, psych techs, and psychiatry services within the Facilities Management Division;
- A category transfer in the amount of \$600,000 for the Developmental Disabilities Support Division from the Personal Services and Employee Benefits (200) category and the Contractual Services (300) category to the Other (400) category to cover a projected shortfall in Provider Agreement Services in the Family, Infant, Toddler Program;
- A budget increase in the amount of \$600,000 in the Other (400) category for the Public Health Division's Immunization Program, to ensure the program has sufficient budget authority to pay for vaccines for children;
- A category transfer in the amount of \$520,000 for the Medical Cannabis Program from the Other (400) category into the Personal Services and Employee Benefits (200) category and the Contractual Services (300) category to cover staffing and Information Technology costs;

**NEW MEXICO DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

- A budget increase in the amount of \$500,000 in the Contractual Services (300) category for the Epidemiology Response Division to utilize the Pfizer contribution funds for opioid prevention;
- A category transfer in the amount of \$500,000 from the Other (400) category to the Personal Services and Employee Benefits (200) category to cover payroll expenditures in the Family Health Bureau within the Public Health Division for the remainder of FY19.
- A category transfer in the amount of \$380,000 for the Developmental Disabilities Support Division from the Other (400) category to the Contractual Services (300) category and the Personal Services and Employee Benefits (200) category to cover personnel costs and contract services from Southwest Transition Plan (SWTP);
- A budget increase of \$350,000 in Federal Funds for the Epidemiology and Response Division in the Contractual Services (300) category for the Hospital Preparedness Program Ebola (HPP) Preparedness and Response Activities grant. This funding is to contract with Albuquerque Regional Coalition Healthcare Preparedness to support the New Mexico healthcare system to ensure that New Mexico is prepared for any highly infectious disease outbreak.

Capital Assets and Debt Administration

Total capital assets for FY19, net of depreciation, for the Department total \$7 million which make up 12 percent of the Department's total assets. Total capital assets for FY18, net of depreciation, for the Department total \$50 million. The Department no longer has a capital lease for the Fort Bayard Medical Center that was recognized in FY18 as the General Service Division has purchased the building from Grant County. The Department also has no infrastructure assets.

Total compensated absences at June 30, 2019 was approximately \$7.8 million. The estimated amount to be paid within one year is \$7.8 million. There was no significant activity to report for compensated absences during the year ended June 30, 2019.

Currently Known Facts, Decisions, and Conditions

State-wide general fund recurring revenues were \$548.6 million in January 2019, up \$164.3 million, or 42.8% from the same month a year ago. A significant portion of the increase relates to an accounting issue in January 2018, in which a large number of Personal Income Tax (PIT) refunds were booked in January instead of December. Much of the remaining increase is due to an early distribution of the insurance premium tax quarterly payment, which was expected for February. Recurring revenue collection for FY19 through January was \$1.1 billion above the same period a year ago, primarily due to an unprecedented bonus payment for federal land lease sales of about \$475 million. Absent this windfall and other direct oil and gas revenues, FY19 revenues were tracking about \$395.4 million, or 13.4% above last year. Recurring revenues for FY20 are estimated to decline by approximately \$143.6 million, or 1.8% from FY19. The extractives industry continues to be the primary driver of revenue growth, with oil and gas related activity accounting for about 75% of the revenue growth from FY18 to FY19. Despite downward pressure on oil prices, New Mexico oil production in FY19 was estimated at about 300 million barrels, a 45.8% increase over FY18 production. This is up significantly from the December forecast, which projected a 22% growth rate in FY19 totaling 250 million barrels for the year. While industry analysts and other macroeconomic forecasts expect growth in Permian basin production to slow down, New Mexico oil production is still expected to grow roughly 20% in FY20 given current market conditions and another 12% growth in FY21, compared with previous projections of 8% and 5.6%, respectively.

**NEW MEXICO DEPARTMENT OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2019**

The majority of General Fund revenue in FY19 came from Gross Receipts Tax at 39.5% consistent with FY18 (36.6%) and FY17 (36%). The second largest revenue source is from Personal Income Taxes and Rents & Royalties at 36.1%, which is slightly different than FY18 due to the large bonus payment for federal land leases. The third largest source consists of investment income at 11.5% for FY19, which is a slight decrease from FY18 (12.0%) and a 1.3% drop from FY17 (12.8%).

The Department has received \$5,089,300 less in General Fund Appropriation as of July 1, 2018 through October 2018 which is 2% less than FY18. Real gross domestic product (GDP) grew 2.6% in FY19 and estimates a growth of 2.2% in FY20 and 2.3% in FY21. IHS Markit and Moody's Analytics have recently increased their probability forecasts of a recession in 2020. The state's unemployment rate was 4.9% in July 2019, while the current employment statistics (CES) survey shows average 2019 employment growth at 1.4%. BBER's expectations for growth in New Mexico's non-agriculture employment for 2019 was revised up by 0.1% from the December estimate to 1.5%. Employment growth projections for 2020 are up slightly to 1.6%, with most growth expected in the mining, construction, transportation and warehousing, professional services, healthcare, and leisure and hospitality sectors. Heightened oil and natural gas production recently caused general fund revenues to surge, growing 15.8% in FY18 and approximately 16.2% in FY19.

The Department was awarded five-year national accreditation status on November 10, 2015 from the Public Health Accreditation Board (PHAB). The Department represents the largest group of candidates to achieve this prestigious designation since the national accreditation program began in 2011. The Department is currently one of only 31 state health departments in the country to receive PHAB accreditation. The Department's compliance with PHAB accreditation standards demonstrates our commitment to improving the health of the people of New Mexico.

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:

Charles Jaramillo, CFO
Deputy Director, Administrative Services Division
New Mexico Department of Health
Harold Runnels Building,
1190 St. Francis Drive, Suite N3350
Santa Fe, NM 87502

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2019**

	<u>Governmental Activities</u>
ASSETS	
ASSETS	
Cash	\$ 18,429
Investment in State General Fund Investment Pool	25,686,455
Accounts Receivable, Net	11,722,484
Due from Federal Government	13,687,482
Due from Other State Agencies	417,629
Due from Other Local Government	191,726
Intergovernmental Receivables	48,840
Inventory	1,779,578
Prepaid Expenses and Others	276,373
Capital Assets:	
Land	49,700
Other, Net of Depreciation	7,001,337
Total Capital Assets	<u>7,051,037</u>
 Total Assets	 <u>60,880,033</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Current Liabilities:	
Accounts Payable	23,889,378
Accrued Payroll	3,742,039
Due to State General Fund	164,999
Due to Other State Agencies	7,067,558
Due to Local Government	34,734
Due to Federal Government	170,695
Intergovernmental Payables	177,362
Unearned Revenue	66,767
Other Liabilities	3,344,758
Compensated Absences Due within One Year	7,827,976
Capital Lease Payable Due Within One Year	-
Long-Term Liabilities:	
Compensated Absences Due in More than One Year	-
Capital Lease Payable Due in More than One Year	-
Total Liabilities	<u>46,486,266</u>
NET POSITION	
Net Investment in Capital Assets	7,051,037
Restricted for:	
Administration	1,208,513
Public Health	5,869,166
Epidemiology and Response	694,636
Laboratory Services	608,652
Facilities Management	503,122
Development Disabilities Support Services	1,723,384
Health, Certification, Licensing, and Oversight	-
Medical Cannabis	-
Unrestricted	<u>(3,264,744)</u>
 Total Net Position	 <u><u>\$14,393,766</u></u>

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Administration	\$ 13,820,119	\$ 4,369	\$ 8,384,358	\$ (5,431,392)
Public Health	156,408,640	23,748,889	73,812,885	(58,846,866)
Public Health In-Kind	34,636,180	-	34,636,180	-
Epidemiology and Response	29,993,626	1,138,822	18,915,468	(9,939,336)
Laboratory Services	12,478,661	2,364,265	2,623,566	(7,490,830)
Facilities Management	121,111,991	52,439,646	5,480,854	(63,191,491)
Developmental Disabilities				
Support Services	51,007,280	1,611,457	11,023,592	(38,372,231)
Health Certification, Licensing, and Oversight	-	2,077,221	5,864,775	(4,273,503)
Other Health Initiatives	3,247,032	3,222,866	-	(24,166)
Total Governmental Activities	\$434,919,028	\$ 86,607,535	\$160,741,678	(187,569,815)

GENERAL REVENUES AND TRANSFERS

General Revenues:

State General Fund Appropriations	300,500,500
Compensation Package and Special Appropriation	2,515,512
Investment Income	103,959
Tobacco Settlement Funds	6,335,535
County-Supported Medicaid	2,556,767
Distribution from State Permanent Fund	4,085,360
Land Income Distribution - WYSIWIG	1,015,983
Capital Gains from Debt Relief of Capital Lease	49,510,000
Transfer/Disposal of Assets	(1,067,664)
Transfer of Fort Bayard Building	(42,037,038)
Reversion - FY 2019 - Transfer Out	(4,884,471)
Other Components Transfers - In	12,023
Interagency Transfers - Out	(123,563,589)
Total General Revenues and Transfers	195,082,877

CHANGE IN NET POSITION

7,513,062

Net Position - Beginning of Year

6,880,704

NET POSITION - END OF YEAR

\$ 14,393,766

**NEW MEXICO DEPARTMENT OF HEALTH
BALANCE SHEET—GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Major Funds			Total Governmental Funds
	General	DDS	Other	
	Fund 06100	Waiver Fund 40170		
ASSETS				
Cash	\$ 17,679	\$ -	\$ 750	\$ 18,429
Investment in State Treasurer General Fund Investment Pool	15,194,160	7,907,530	2,584,765	25,686,455
Accounts Receivable, Net	11,452,210	-	270,274	11,722,484
Due from Federal Government	13,687,482	-	-	13,687,482
Due from Other State Agencies	417,629	-	-	417,629
Due from Other Local Governments	185,775	-	5,951	191,726
Intergovernmental Receivables	48,840	-	-	48,840
Inventory	1,779,578	-	-	1,779,578
Prepaid Expenses and Others	275,137	-	1,236	276,373
	<u>\$ 43,058,490</u>	<u>\$ 7,907,530</u>	<u>\$ 2,862,976</u>	<u>\$ 53,828,996</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 23,586,224	\$ -	\$ 303,154	\$ 23,889,378
Accrued Payroll	3,706,963	-	35,076	3,742,039
Due to Local Government	34,734	-	-	34,734
Due to State General Fund	164,959	-	40	164,999
Due to Other State Agencies	-	7,067,558	-	7,067,558
Intergovernmental Payables	177,362	-	-	177,362
Due to Federal Government	170,695	-	-	170,695
Unearned Revenue	66,767	-	-	66,767
Other Liabilities	3,344,758	-	-	3,344,758
Total Liabilities	<u>31,252,462</u>	<u>7,067,558</u>	<u>338,270</u>	<u>38,658,290</u>
FUND BALANCES				
Nonspendable	2,058,732	-	1,236	2,059,968
Restricted	9,017,749	839,972	2,523,470	12,381,191
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	729,547	-	-	729,547
Total Fund Balances	<u>11,806,028</u>	<u>839,972</u>	<u>2,524,706</u>	<u>15,170,706</u>
Total Liabilities and Fund Balances	<u>\$ 43,058,490</u>	<u>\$ 7,907,530</u>	<u>\$ 2,862,976</u>	<u>\$ 53,828,996</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
RECONCILIATION OF THE BALANCE SHEET—GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balances - Governmental Funds
(Governmental Funds Balance Sheet) \$ 15,170,706

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

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

Cost of Capital Assets	51,689,940
Accumulated Depreciation	(44,638,903)
Total Capital Assets	7,051,037

Capital lease payable is not due and payable in the current period and, therefore, is not reported in the funds. -

Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. (7,827,976)

Reconciling Item due to rounding (1)

Net Position of Governmental Activities (Statement of Net Position) \$ 14,393,766

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Major Funds			Total Governmental
	General Fund 06100	DDS Waiver Fund 40170	Other Nonmajor Funds	
REVENUES				
Federal Revenue	\$ 125,661,337	\$ -	\$ -	\$ 125,661,337
In-Kind Assistance - Federal	34,636,180	-	-	34,636,180
Charges for Services	61,601,018	-	14,088,064	75,689,082
Fees, Penalties, Rentals, and Other	7,929,003	-	3,433,611	11,362,614
Total Revenues	<u>229,827,538</u>	<u>-</u>	<u>17,521,675</u>	<u>247,349,213</u>
EXPENDITURES				
Current Operating:				
Administration	13,645,140	-	-	13,645,140
Public Health	135,909,669	-	19,785,293	155,694,962
Public Health In-Kind Assistance	34,636,180	-	-	34,636,180
Epidemiology and Response	25,328,313	-	4,504,119	29,832,432
Laboratory Services	11,871,019	-	-	11,871,019
Facilities Management	116,282,117	-	1,940,826	118,222,943
Development Disabilities Support Services	50,978,809	-	-	50,978,809
Health, Certification, Licensing, and Oversight	12,193,512	-	-	12,193,512
Other Health Initiatives	-	-	3,089,970	3,089,970
Capital Outlay	2,647,586	-	88,285	2,735,871
Capital Lease Principal Payment	-	-	745,000	745,000
Capital Lease Interest Payment	-	-	1,278,478	1,278,478
Total Expenditures	<u>403,492,345</u>	<u>-</u>	<u>31,431,971</u>	<u>434,924,316</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(173,664,807)	-	(13,910,296)	(187,575,103)
OTHER FINANCING SOURCES (USES)				
General Fund Appropriation	182,329,600	109,632,300	8,538,600	300,500,500
Compensation Pkge & Special Appropriation	2,515,512	-	-	2,515,512
Tobacco Settlement Appropriation	6,335,535	-	-	6,335,535
County-Supported Medicaid	-	-	2,556,767	2,556,767
Investment Income	-	-	103,959	103,959
Distribution from State Permanent Fund	4,085,360	-	-	4,085,360
Land Income Distribution - WYSIWIG	1,015,983	-	-	1,015,983
Reversion - FY 2019 - Transfer Out	(4,608,729)	-	(275,742)	(4,884,471)
Intra-Agency Transfers - In	-	839,972	-	839,972
Intra-Agency Transfers - Out	(839,972)	-	-	(839,972)
Other Component Transfers - In	12,023	-	-	12,023
Interagency Transfers - Out	(12,452,508)	(111,102,394)	(8,687)	(123,563,589)
Net Other Financing Sources (Uses)	<u>178,392,804</u>	<u>(630,122)</u>	<u>10,914,897</u>	<u>188,677,579</u>
NET CHANGE IN FUND BALANCES	4,727,997	(630,122)	(2,995,399)	1,102,476
Fund Balances - Beginning of Year	7,481,295	1,470,094	5,518,869	14,470,258
Change in nonspendable for inventory	(403,264)	-	1,236	(402,028)
FUND BALANCES - END OF YEAR	<u>\$ 11,806,028</u>	<u>\$ 839,972</u>	<u>\$ 2,524,706</u>	<u>\$ 15,170,706</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES—GENERAL FUND—
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019**

General Fund - Fund 06100 - All Programs				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCES				
Federal Funds*	\$106,359,200	\$111,869,800	\$ 96,433,548	\$ (15,436,252)
General Funds	184,834,019	184,834,019	184,845,112	11,093
Other State Funds	88,694,093	89,194,093	78,966,921	(10,227,172)
Interagency Transfers*	32,825,838	32,825,838	31,239,790	(1,586,048)
Total Revenues and Other Financing Sources	412,713,150	418,723,750	391,485,371	(27,238,379)
PRIOR YEAR FUND BALANCE USED	80,000	80,000	-	(80,000)
Total Revenues and Fund Balance Budgeted	412,793,150	418,803,750	391,485,371	(27,318,379)
EXPENDITURES AND OTHER FINANCING USES				
Personnel Services and Benefits	207,835,000	205,809,100	195,186,708	10,622,392
Contractual Services	73,284,550	79,032,250	69,575,380	9,456,870
Other Costs	119,149,300	121,438,100	104,094,075	17,344,025
Other Financing Uses	12,524,300	12,524,300	12,452,508	71,792
Total Expenditures and Other Financing Uses	<u>\$412,793,150</u>	<u>\$418,803,750</u>	<u>381,308,671</u>	<u>\$ 37,495,079</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			10,176,700	
FEDERAL IN-KIND REVENUE (Not Budgeted)**			34,636,180	
FEDERAL IN-KIND EXPENDITURE (Not Budgeted)**			(34,636,180)	
INTRA-AGENCY TRANSFER TO FUND 40170 (Not Budgeted)			(839,972)	
REVERSIONS (Not Budgeted)			(4,608,731)	
NET CHANGE IN FUND BALANCE			<u>\$ 4,727,997</u>	

* Federal funds passed through to the Department from Other State Agencies in the amount of \$19,321,674 is budgeted as other interagency transfers and is classified as federal grant revenue on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

** Federal in-kind assistance not included in the budget.

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES—GENERAL FUND—
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019**

General Fund - Fund 06100 - Administration				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER				
FINANCING SOURCES				
Federal Funds	\$ 7,423,100	\$ 7,636,000	\$ 7,490,944	\$ (145,056)
General Funds	5,564,200	5,564,200	5,564,200	-
Other State Funds	-	-	610	610
Interagency Transfers	1,361,900	1,361,900	897,173	(464,727)
Total Revenues and Other Financing Sources	14,349,200	14,562,100	13,952,927	(609,173)
PRIOR YEAR FUND BALANCE USED	-	-	-	-
Total Revenues and Fund Balance Budgeted	14,349,200	14,562,100	13,952,927	(609,173)
EXPENDITURES AND OTHER				
FINANCING USES				
Personnel Services and Benefits	11,983,400	11,983,400	11,072,393	911,007
Contractual Services	1,178,100	1,328,100	1,004,605	323,495
Other Costs	1,187,700	1,250,600	1,088,273	162,327
Other Financing Uses	-	-	-	-
Total Expenditures and Other Financing Uses	<u>\$ 14,349,200</u>	<u>\$ 14,562,100</u>	<u>13,165,271</u>	<u>\$ 1,396,829</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			787,656	
FEDERAL IN-KIND REVENUE (Not Budgeted)**			-	
FEDERAL IN-KIND EXPENDITURE (Not Budgeted)**			-	
INTRA-AGENCY TRANSFER TO FUND 40170 (Not Budgeted)				
REVERSIONS (Not Budgeted)			-	
NET CHANGE IN FUND BALANCE			<u>\$ 787,656</u>	

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES—GENERAL FUND—
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019**

	General Fund - Fund 06100 - Public Health			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER				
FINANCING SOURCES				
Federal Funds*	\$ 69,804,400	\$ 70,604,400	\$ 58,217,142	\$ (12,387,258)
General Funds	49,744,000	48,344,000	48,344,000	-
Other State Funds	24,049,100	24,049,100	19,119,190	(4,929,910)
Interagency Transfers*	11,950,500	11,950,500	12,355,526	405,026
Total Revenues and Other Financing Sources	155,548,000	154,948,000	138,035,858	(16,912,142)
PRIOR YEAR FUND BALANCE USED	-	-	-	-
Total Revenues and Fund Balance Budgeted	155,548,000	154,948,000	138,035,858	(16,912,142)
EXPENDITURES AND OTHER				
FINANCING USES				
Personnel Services and Benefits	52,020,200	52,220,200	48,617,552	3,602,648
Contractual Services	39,611,600	40,211,600	36,453,312	3,758,288
Other Costs	63,453,900	62,053,900	50,858,225	11,195,675
Other Financing Uses	462,300	462,300	462,300	-
Total Expenditures and Other Financing Uses	\$ 155,548,000	\$ 154,948,000	136,391,389	\$ 18,556,611
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			1,644,469	
FEDERAL IN-KIND REVENUE (Not Budgeted)**			34,636,180	
FEDERAL IN-KIND EXPENDITURE (Not Budgeted)**			(34,636,180)	
INTRA-AGENCY TRANSFER TO FUND 40170 (Not Budgeted)				
REVERSIONS (Not Budgeted)			(1,644,469)	
NET CHANGE IN FUND BALANCE			\$ -	

* Federal funds passed through to the Department from Other State Agencies in the amount of \$19,321,674 is budgeted as other interagency transfers and is classified as federal grant revenue on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

** Federal in-kind assistance not included in the budget.

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES—GENERAL FUND—
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019**

General Fund - Fund 06100 - Epidemiology and Response				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER				
FINANCING SOURCES				
Federal Funds	\$ 15,951,500	\$ 20,194,000	\$ 18,256,439	\$ (1,937,561)
General Funds	5,458,400	5,458,400	5,458,400	-
Other State Funds	625,100	1,125,100	1,163,357	38,257
Interagency Transfers	614,200	614,200	575,216	(38,984)
Total Revenues and Other Financing Sources	22,649,200	27,391,700	25,453,412	(1,938,288)
PRIOR YEAR FUND BALANCE USED	-	-	-	-
Total Revenues and Fund Balance Budgeted	22,649,200	27,391,700	25,453,412	(1,938,288)
EXPENDITURES AND OTHER				
FINANCING USES				
Personnel Services and Benefits	13,896,400	13,764,600	13,199,328	565,272
Contractual Services	6,326,800	10,189,000	8,953,293	1,235,707
Other Costs	2,426,000	3,438,100	3,078,517	359,583
Other Financing Uses	-	-	-	-
Total Expenditures and Other Financing Uses	\$ 22,649,200	\$ 27,391,700	25,231,138	\$ 2,160,562
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			222,274	
REVERSIONS (Not Budgeted)			(193,078)	
NET CHANGE IN FUND BALANCE			\$ 29,196	

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES—GENERAL FUND—
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019**

General Fund - Fund 06100 - Laboratory Services				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER				
FINANCING SOURCES				
Federal Funds	\$ 2,868,300	\$ 2,868,300	\$ 2,535,409	\$ (332,891)
General Funds	7,578,000	7,578,000	7,578,000	-
Other State Funds	1,930,700	1,930,700	1,690,650	(240,050)
Interagency Transfers	808,000	808,000	766,168	(41,832)
Total Revenues and Other Financing Sources	13,185,000	13,185,000	12,570,227	(614,773)
PRIOR YEAR FUND BALANCE USED	-	-	-	-
Total Revenues and Fund Balance Budgeted	13,185,000	13,185,000	12,570,227	(614,773)
EXPENDITURES AND OTHER				
FINANCING USES				
Personnel Services and Benefits	8,161,000	7,789,000	7,168,582	620,418
Contractual Services	318,100	490,100	351,443	138,657
Other Costs	4,705,900	4,905,900	4,460,244	445,656
Other Financing Uses	-	-	-	-
Total Expenditures and Other Financing Uses	\$ 13,185,000	\$ 13,185,000	11,980,269	\$ 1,204,731
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			589,958	
REVERSIONS (Not Budgeted)			(589,958)	
NET CHANGE IN FUND BALANCE			\$ -	

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES—GENERAL FUND—
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019**

General Fund - Fund 06100 - Facilities Management				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER				
FINANCING SOURCES				
Federal Funds	\$ 5,058,300	\$ 5,058,300	\$ 4,643,343	\$ (414,957)
General Funds	55,545,500	56,945,500	56,945,500	-
Other State Funds	58,731,400	58,731,400	53,307,256	(5,424,144)
Interagency Transfers	4,431,800	4,431,800	5,044,791	612,991
Total Revenues and Other Financing Sources	123,767,000	125,167,000	119,940,890	(5,226,110)
PRIOR YEAR FUND BALANCE USED	-	-	-	-
Total Revenues and Fund Balance Budgeted	123,767,000	125,167,000	119,940,890	(5,226,110)
EXPENDITURES AND OTHER				
FINANCING USES				
Personnel Services and Benefits	95,405,700	93,605,700	90,975,296	2,630,404
Contractual Services	11,314,800	12,114,800	10,454,059	1,660,741
Other Costs	17,046,500	19,446,500	17,296,758	2,149,742
Other Financing Uses	-	-	-	-
Total Expenditures and Other Financing Uses	\$ 123,767,000	\$ 125,167,000	118,726,113	\$ 6,440,887
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			1,214,777	
REVERSIONS (Not Budgeted)			(1,214,777)	
NET CHANGE IN FUND BALANCE			\$ -	

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES—GENERAL FUND—
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019**

General Fund - Fund 06100 - Developmental Disabilities Support				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER				
FINANCING SOURCES				
Federal Funds	\$ 2,830,800	\$ 3,086,000	\$ 2,894,782	\$ (191,218)
General Funds	45,077,900	45,077,900	45,077,900	-
Other State Funds	1,385,000	1,385,000	1,611,457	226,457
Interagency Transfers	9,154,000	9,154,000	8,102,988	(1,051,012)
Total Revenues and Other Financing Sources	58,447,700	58,702,900	57,687,127	(1,015,773)
PRIOR YEAR FUND BALANCE USED	-	-	-	-
Total Revenues and Fund Balance Budgeted	58,447,700	58,702,900	57,687,127	(1,015,773)
EXPENDITURES AND OTHER				
FINANCING USES				
Personnel Services and Benefits	14,114,100	14,264,100	13,559,721	704,379
Contractual Services	12,045,700	12,049,200	11,441,305	607,895
Other Costs	24,625,900	24,727,600	23,922,372	805,228
Other Financing Uses	7,662,000	7,662,000	7,590,208	71,792
Total Expenditures and Other Financing Uses	\$ 58,447,700	\$ 58,702,900	56,513,606	\$ 2,189,294
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			1,173,521	
INTRA-AGENCY TRANSFER TO FUND 40170 (Not Budgeted)			(839,972)	
REVERSIONS (Not Budgeted)			(333,549)	
NET CHANGE IN FUND BALANCE			\$ -	

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES—GENERAL FUND—
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019**

General Fund - Fund 06100 - Health Certification, Licensing, & Oversight				
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER				
FINANCING SOURCES				
Federal Funds	\$ 2,422,800	\$ 2,422,800	\$ 2,395,489	\$ (27,311)
General Funds	5,010,000	5,010,000	5,010,000	-
Other State Funds	1,961,700	1,961,700	2,074,401	112,701
Interagency Transfers	4,404,000	4,404,000	3,472,106	(931,894)
Total Revenues and Other Financing Sources	13,798,500	13,798,500	12,951,996	(846,504)
PRIOR YEAR FUND BALANCE USED				
Total Revenues and Fund Balance Budgeted	-	-	-	-
	13,798,500	13,798,500	12,951,996	(846,504)
EXPENDITURES AND OTHER				
FINANCING USES				
Personnel Services and Benefits	11,490,700	11,418,600	10,193,967	1,224,633
Contractual Services	649,300	809,300	623,829	185,471
Other Costs	1,658,500	1,570,600	1,404,243	166,357
Other Financing Uses	-	-	-	-
Total Expenditures and Other Financing Uses	\$ 13,798,500	\$ 13,798,500	12,222,039	\$ 1,576,461
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			729,957	
REVERSIONS (Not Budgeted)			(115,211)	
NET CHANGE IN FUND BALANCE			\$ 614,746	

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES—GENERAL FUND—
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019**

General Fund - Fund 06100 - Special Appropriations				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER				
FINANCING SOURCES				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Funds	10,856,019	10,856,019	10,867,112	11,093
Other State Funds	11,093	11,093	-	(11,093)
Interagency Transfers	101,438	101,438	25,822	(75,616)
Total Revenues and Other Financing Sources	10,968,550	10,968,550	10,892,934	(75,616)
PRIOR YEAR FUND BALANCE USED	80,000	80,000	-	(80,000)
Total Revenues and Fund Balance Budgeted	11,048,550	11,048,550	10,892,934	(155,616)
EXPENDITURES AND OTHER				
FINANCING USES				
Personnel Services and Benefits	763,500	763,500	399,869	363,631
Contractual Services	1,840,150	1,840,150	293,534	1,546,616
Other Costs	4,044,900	4,044,900	1,985,443	2,059,457
Other Financing Uses	4,400,000	4,400,000	4,400,000	-
Total Expenditures and Other Financing Uses	<u>\$ 11,048,550</u>	<u>\$ 11,048,550</u>	<u>7,078,846</u>	<u>\$ 3,969,704</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			3,814,088	
REVERSIONS (Not Budgeted)			(517,689)	
NET CHANGE IN FUND BALANCE			<u>\$ 3,296,399</u>	

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES—DEVELOPMENTAL DISABILITIES
SUPPORT (DDS) WAIVER FUND —
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019**

Developmental Disabilities Support (DDS) Waiver - Fund 40170 Program 007 - Developmental Disabilities				
	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES AND OTHER				
FINANCING SOURCES				
Federal Funds	\$ -	\$ -	\$ -	\$ -
General Funds	109,632,300	109,632,300	109,632,300	-
Other State Funds	-	-	-	-
Intra-agency Transfers	-	-	-	-
Total Revenues and Other Financing Sources	109,632,300	109,632,300	109,632,300	-
PRIOR YEAR FUND BALANCE USED	-	1,470,094	-	-
Total Revenues and Fund Balance Budgeted	109,632,300	111,102,394	109,632,300	-
EXPENDITURES AND OTHER				
FINANCING USES				
Personnel Services and Benefits	-	-	-	-
Contractual Services	-	-	-	-
Other Costs	-	-	-	-
Other Financing Uses	109,632,300	111,102,394	111,102,394	-
Total Expenditures and Other Financing Uses	<u>\$ 109,632,300</u>	<u>\$ 111,102,394</u>	<u>111,102,394</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			(1,470,094)	
INTRA-AGENCY TRANSFER FROM FUND 06100 (Not Budgeted)			<u>839,972</u>	
NET CHANGE IN FUND BALANCE			<u>\$ (630,122)</u>	

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES—AGENCY FUNDS
YEAR ENDED JUNE 30, 2019**

	Agency Funds
ASSETS	
Cash	\$ 605,953
Petty Cash	850
Total Assets	<u>\$ 606,803</u>
 LIABILITIES	
Deposits Held for Others	<u>606,803</u>
 Total Liabilities	<u>\$ 606,803</u>

See accompanying Notes to Financial Statements.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 NATURE OF THE ORGANIZATION

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 (the State) 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.

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's budget is appropriated by the Legislature during the State's annual legislative session. For fiscal year 2019 (FY2019), the Legislature passed and the Governor enacted the budget, and the Operating Budget was approved, in eight Program Areas, as shown below:

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, and 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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 NATURE OF THE ORGANIZATION (CONTINUED)

Reporting Entity (Continued)

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 policies 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.

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:

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

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 NATURE OF THE ORGANIZATION (CONTINUED)

Reporting Entity (Continued)

agencies are mandated in statute and are essential for the successful missions of the programs it supports in these agencies.

Program Area Six (P006) - Facilities:

- Fort Bayard Medical Center (Silver City)
- 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 six facilities across New Mexico.

Program Area Seven (P007) - Developmental Disabilities Support Division:

- Home-Based Living for the Disabled

The purpose of the Developmental Disabilities Support Division 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:

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

The mission of the Division of Health Improvement (DHI) 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 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 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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governmental Accounting Standards Board establishes 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 is 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.

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.

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), the new model focuses 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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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.

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. Nonmajor 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 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.

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

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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 noncurrent 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 [Fund 06100] – The General Fund 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, except for federal grants.

Developmental Disabilities Support Waiver Program Fund [Fund 40170] – This Special Revenue Fund was created by Statute, Laws of 2015, Chapter 101, House Bill 2 and 4, Section 5-41. This fund is supported by General fund appropriations to support the developmental disabilities Medicaid waiver program in the developmental disabilities support program of the Department of Health. These funds are nonreverting.

Nonmajor Funds

Special Revenue Funds - The Department maintains nine 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 11410] – 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 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 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 nonreverting.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Nonmajor Funds (Continued)

Special Revenue 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 nonreverting.

Vaccine Purchasing Act Fund [Fund 40180] – This fund was created by Statute, Laws of 2015, Chapter 101, Senate Bill 121, Section 4. This fund consists of amounts reimbursed to the state by health insurers and group health plans pursuant to the Vaccine Purchasing Act and of appropriations from, and transfers made to, the fund. Money in the funds is expended only for the purposes specified in the Vaccine Purchasing Act, by warrant issued by the Secretary of Finance and Administration pursuant to vouchers approved by the Secretary of Health. These funds are nonreverting.

The Birth & Death Certificate Fund [Fund 50200] – This fund was created to meet the requirements of Section 24-14-29 NMSA 1978. The purpose of this fund is 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. These funds are nonreverting.

Optional Designation of Tax Refund Contribution –Sexual Assault Services Fund [Fund 68240] – This fund was created by the Laws of 2017, HB 536. The purpose of this fund is to provide for the optional designation of a tax refund contribution to the Department to provide sexual assault services provided by sexual assault service providers. These funds are nonreverting.

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 nonreverting.

The Birthing Workforce Retention Fund [Fund 95810] – 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 nonreverting.

Capital Projects Funds

The Department also maintains two 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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Nonmajor Funds (Continued)

Capital Projects Funds (Continued)

The Department of Health Project Fund [Fund 93100] - The fund was created by Statute, Laws of 2018, HB 306, Chapter 80, Section 41. The purpose of this fund is to appropriate general fund of five hundred thousand dollars (\$500,000) for expenditures between fiscal years 2018 through 2022 to purchase and install scientific, analytical and medical equipment, including the recalibration of existing equipment, at the Department facilities statewide. These funds are reverting.

Fiduciary Funds

Agency Funds. The Department also maintains one Agency Fund, which is a trust account that is 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 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 nine Special Revenue Funds described above; and the two Capital Projects Funds.

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 one Agency Fund described above. Agency funds are custodial in nature; thus, they do not measure results of operations. The 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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Classification of Funds (Continued)

Compliant with the requirements of Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, the State of New Mexico has implemented this standard for the fiscal year ended June 30, 2018.

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, the total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The State has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and outflows of resources of the primary government will be contained in the State of New Mexico Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2019 and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

The Department, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Overall, the total pension liability exceeds Plan net position resulting in a Net pension liability. The State has determined the State's share of the net pension liability to be a liability of the State as a whole, rather than any agency or department of the State and will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Comprehensive Annual Financial Report (CAFR) of the State of New Mexico. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the General Fund and the CAFR and will be available, when issued, from the Office of State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Noncurrent Governmental Assets/Liabilities

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 nonexchange 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 160 days of the expenditures.

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 noncurrent liabilities. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources. When expenditure is incurred for restricted resources and then unrestricted resources.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classifications

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, 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 include 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, 2019, follows:

Nonspendable – Inventories, Postage and Prepaid expenses. 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.

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 3 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% of the uninsured amount deposited.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

Cash (Continued)

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.

Interest in State General Fund Investment Pool

As provided for in Chapter 8-6 of the New Mexico Statutes Annotated in 1978, the State Treasurer shall receive and keep all monies of the state, except when otherwise provided, and shall disburse the public money upon lawful warrants. The State Treasurers' Office (STO) acts as the state's bank. Agency cash receipts are deposited with STO and pooled in a statewide investment fund, when amounts are greater than immediate needs they are placed into short-term investments. When agencies make payments to vendors and employees they are made from this pool and their claims on the pool reduced. The comprehensive cash reconciliation model which compares aggregated agency claims on the State General Fund Investment Pool to the associated resources help by the State Treasurer's Office is now in its fourth year. This process has been reviewed multiple times by the IPAs performing audits of the General Fund, the Department of Finance and Administration and the State of New Mexico's Comprehensive Annual Financial Report. The reviews have deemed the process to be sound and the Department fully compliant with the requirements of the monthly process.

The Department of Health identifies and posts all warrants and deposits as they are processed at the Department's Administrative Services Division (ASD). Each fund has an Interest in the State General Fund Investment Pool.

At June 30, 2019, the Department had \$25,686,455 invested in the General Fund Investment Pool. 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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate financial statements for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2019.

Inventory and Prepaid

Inventory is valued at cost using the first-in, first-out method. Inventory consists of supplies and pharmaceuticals held for patient use at the public health field offices, medical and long-term facilities. The purchase method is used to record inventory in the governmental funds.

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 prepaid items until travel is completed and actual amounts due are reconciled and paid.

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 acquisition 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:

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

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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 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 were 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 terminated November 2018.

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 30 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 30 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 (1½) 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.

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 (1½). 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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

Net Position

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

Net Investment in Capital Assets - Reflects the portion of net position which is associated with 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 Net Position - Reflects the value of assets generated from revenue but not bond proceeds which have third-party (statutory, bond covenant or granting agency) limitations on their use.

Unrestricted Net Position - Represents net position that is not classified as net investment in capital assets or restricted.

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.

Intra-fund Activity

The Developmental Disabilities Support Waiver Program Fund was created by Statute, Laws of 2015, and set up in FY16. The law allowed for unspent appropriations related to this program to not revert at the end of FY2019 and were shown as Restricted Fund Balance in the General Fund. These funds were transferred to the Developmental Disabilities Support Waiver Program Fund. This transaction is shown as an intra-agency transfer in/out in the Department's statement of revenue, expenditures, and changes in fund balance.

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:

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

Budgetary Data (Continued)

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:
 - a. Personnel Services and Employee Benefits
 - b. Professional Services
 - c. Other Expenditures
 - d. 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.
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, 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 Z-Code pertains to special appropriations.

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Program Revenue

Program revenue includes:

Federal and Other Grants - 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. 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. Amounts receivable and payable under reimbursement from “third-party payor” agreements, primarily Medicare and Medicaid, are subject to examination and retroactive adjustment by a third-party payor. Provisions for estimated retroactive adjustments by third-party payors 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 5 ACCOUNTS RECEIVABLE

The accounts receivable and the related allowance for uncollectible accounts for the General Fund and the Vaccine Purchasing Act Fund as of June 30, 2019 are as follows:

Program No.	Program/Facility Name	Accounts Receivable	Allowance for Uncollectible	Net Accounts Receivable
2	Public Health Division	\$ 3,762,128	\$ 2,190,834	\$ 1,571,294
3	Epidemiology and Response	125,010		125,010
4	Scientific Laboratory	56,981	13,089	43,892
6	Turquoise Lodge	6,337,848	5,827,245	510,603
	New Mexico Behavioral Health			-
6	Institute	2,631,143	182,820	2,448,323
6	New Mexico Rehabilitation Center	6,773,766	5,081,266	1,692,500
	Sequoyah Adolescent			-
6	Treatment Center	5,635,273	4,932,415	702,858
6	Fort Bayard Medical Center	12,305,956	9,289,930	3,016,026
6	Los Lunas Community Program	3,505,527	1,992,389	1,513,138
7	Developmental Disabilities	14,717	736	13,981
8	Division of Health Improvement	84,859	-	84,859
	Total Accounts Receivable	<u>\$ 41,233,208</u>	<u>\$ 29,510,724</u>	<u>\$ 11,722,484</u>

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 ACCOUNTS RECEIVABLE (CONTINUED)

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

NOTE 6 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Governmental-Type Activities	Balance, June 30, 2018	Additions	Deletions	Balance, June 30, 2019
Assets Being Depreciated:				
Land Improvements	\$ 241,750	\$ -	\$ -	\$ 241,750
Buildings and Structures	86,839,713	2,276,197	(61,935,984)	27,179,926
Machinery and Equipment	13,994,641	299,311	(555,028)	13,738,924
Vehicles	1,692,356	26,019	(148,578)	1,569,797
Information Technology	8,183,006	134,344	(8,515)	8,308,835
Furniture and Fixtures	622,177	-	(21,170)	601,007
Total Assets Being Depreciated	111,573,644	2,735,871	(62,669,275)	51,640,240
Less Accumulated Depreciation:				
Land Improvements	176,062	7,262	-	183,324
Buildings and Structures	41,125,556	1,266,853	(18,836,330)	23,556,079
Machinery and Equipment	10,948,903	854,831	(554,888)	11,248,846
Vehicles	1,374,902	85,786	(143,670)	1,317,018
Information Technology	7,373,560	444,897	(8,515)	7,809,942
Furniture and Fixtures	522,153	22,712	(21,170)	523,695
Total Assets Being Depreciated	61,521,135	2,682,341	(19,564,573)	44,638,903
Assets Not Being Depreciated:				
Land	49,700	-	-	49,700
Total Assets Not Being Depreciated	49,700	-	-	49,700
Net Total Capital Assets	<u>\$ 50,102,209</u>	<u>\$ 53,530</u>	<u>\$ (43,104,702)</u>	<u>\$ 7,051,037</u>

Depreciation expense was charged to functions as follows:

Program Name	Program No.	Depreciation Expense
Administration	1	\$ 205,012
Public Health	2	184,003
Epidemiology and Response	3	141,406
Laboratory Services	4	543,384
Facilities Management	6	1,442,413
Developmental Disabilities Support Services	7	6,559
Health Certification, Licensing, and Oversight	8	20,801
Medical Cannabis	787	138,763
Total Depreciation Expense		<u>\$ 2,682,341</u>

(1) The Department deleted the Fort Bayard building during FY19 as the Capital Lease terminated November 2018. The deletion included assets with a net value in the amount of \$42,037,038.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 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:

	Balance, June 30, 2018	Additions	Deletions	Balance, June 30, 2019	Due Within One Year
Compensated Absences	\$ 7,436,763	\$ 12,490,954	\$ (12,099,741)	\$ 7,827,976	\$ 7,827,976

NOTE 8 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, 2019 are found at Schedule 4.

NOTE 9 OTHER LIABILITIES

Other liabilities consist of the following at June 30, 2019:

Civil Monetary Penalties	\$ 2,964,199
New Born Screening Kits	330,484
Other Accrued Liabilities	2,080
Receipts Held in Suspense	35,782
Funds Held for Others	7,837
Miscellaneous	4,376
Total Other Liabilities	\$ 3,344,758

NOTE 10 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.

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

Year Ending June 30,	Amount
2020	\$ 8,220,009
2021	7,696,308
2022	6,780,285
2023	6,667,917
Thereafter	74,660,239
Total	\$ 104,024,756

Rental expenditures for the fiscal year ended June 30, 2019 were \$6,517,264.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 CAPITAL LEASE

The Department was obligated under 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 provided 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 is a replacement for the existing Fort Bayard Medical Center. Under the lease and subject to its terms and conditions, the Department was obligated to make payments 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 contained 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 16, 2010.

During November 2018, the Department's obligation terminated as this building was purchased by General Services Division from Grant County. The Department now recognizes rental expenditures.

There are no future lease obligations as of June 30, 2019 and is indicated below:

	Balance, June 30, 2018	FY19 Payments	Debt Relief	Balance, June 30, 2019	Due Within One Year
Capital Lease	\$ 50,255,000	\$ (745,000)	\$(49,510,000)	\$ -	\$ -

NOTE 12 FUND BALANCE

Found in the fund balance section, the non-spendable amount of \$2,059,968 at June 30, 2019 was recorded for inventory and prepaid expenses. The restricted general fund balance of \$9,017,749 is comprised of the carry over balances of special appropriations of \$5,590,519, Federal indirect revenue of \$1,928,236, the Kellogg grant of \$50,434, the Pfizer grant for \$200,000, the balance of \$265,562 for the Family Planning Carryover Grant funds, the balance of CBC-Vital Records Grant of \$368,252, and the Receivorship Services balance of \$614,746. Other fund balance restrictions totaling \$3,363,442 relate to the non-reverting amounts specific to the purpose of the respective fund.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 13 REVERSIONS

The following appropriations were included as reversions for fiscal year 2019:

Laws of 2018, Ch. 73, Section 4, Fund 06100	\$ 4,091,041
Laws of 2018, Ch. 73, Section 4, Fund 11415	132,897
NMSA 27-10-3, Fund 21900	19,178
Laws of 2019, Ch. 271, Section 6, Fund 06100	65,793
Laws of 2016, Ch. 11, Section 7, Fund 06100	360,600
Laws of 2018, Ch. 73, Section 6, Fund 06100	91,295
Laws of 2011, Ch. 179, Section 4, Fund 20480	123,667
Total Reversions	\$ 4,884,471

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 14 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, and receives 2/7th of the income from investments in the State Permanent Fund derived from the Charitable, Penal and Reformatory Act. 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.

The fair value of the Department's interest in the State Permanent Fund at June 30, 2019, and the income received for the year follow:

	Interest in Fund at June 30, 2019	Income Received in 2019
State Permanent Fund:		
Behavioral Health Institute	\$ 62,475,029	\$ 2,501,364
Charitable, Penal and Reformatory Act:		
Behavioral Health Institute	19,331,284	791,998
Los Lunas Community Programs	19,331,284	791,998
Total Distribution from State Permanent Fund	\$ 101,137,597	\$ 4,085,360

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 15 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 2020, 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 ended June 30, 2019, 2018 and 2017 were \$21,114,581, \$20,076,661 and \$21,462,083, respectively, which equal the amount of the required contributions for each fiscal year.

All contributions withheld from participants by the employer 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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 15 RETIREMENT PLANS (CONTINUED)

Educational Retirement Board (ERB) (Continued)

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 contribute to the plan 10.07% of their gross salary in fiscal year 2017 and thereafter.

Employer Contributions

The Department of Health contributed 13.09% of gross covered salary in fiscal year 2019.

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 ended June 30, 2019, 2018, and 2017, were \$28,958, \$38,984 and \$39,651, respectively, which equal the amount of the required contributions for each fiscal year.

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

NOTE 16 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 Department nor the State of New Mexico makes any contributions to the Deferred Compensation Plan.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 17 POSTEMPLOYMENT 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.

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

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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 17 POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy (Continued)

The Retiree Health Care Act (Section 10-7C-16 N MSA 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, 2019, 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-16(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 7-1-6.1NMSA 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 of Health's contributions to the RHCA for the years ended June 30, 2019, 2018, and 2017 were \$2,489,350, \$2,368,328 and \$2,531,766, respectively, which equal the required contributions for each year.

NOTE 18 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, 2019, the insurance premiums paid, not including employee health insurance premiums, to the Risk Management Division were \$6,193,918.

NOTE 19 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.

The Department is involved in several pending legal matters. Although the possibility of loss exists in some of these cases, any potential loss is likely to be covered by insurance (through Risk Management Division) and accordingly a loss is not recorded. In the opinion of the Department's management and in-house legal counsel, the ultimate resolution of the above matters will not have a material adverse impact on the financial position or results of operations of the Department.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 20 SUBSEQUENT EVENTS

Effective July 1, 2019, the New Mexico Veteran's Home is under the Department's operations. It was transferred from Veterans' Services Department.

The Early Childhood Services Division within the Department will be transferring to a new business unit on July 1, 2020. The new state agency is to be called the Early Childhood Education and Care Department and was established through the 54th Legislature, 1st Session, Laws 2019, Chapter 48, and Senate Bill 22. The agency will also include the Department of Health's Family, Infant, Toddler Program and Family First Home Visiting program. It is being created in an effort to expand the early pre-kindergarten and pre-kindergarten programs within the state to prepare children for school.

Between July 1, 2019 and July 1, 2020, the accounts and financial control functions that will belong to the early childhood education and care department shall continue being performed by the administrative services divisions of the children, youth and families department, the public education department, the human services department and the department of health, as appropriate; provided, however, that the administrative services divisions of the children, youth and families department and the department of health shall provide for separate reporting of accounts and finances between the early childhood education and care department and the children, youth and families department and the department of health and shall provide necessary administrative services related to the early childhood education and care department at the direction of the secretary of early childhood education and care.

NEW MEXICO DEPARTMENT OF HEALTH
COMBINING BALANCE SHEET BY FUND TYPE—NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Special Revenue Funds					
	Medical Cannabis Program Fund 11410	County Supported Medicaid Fund 21900	Trauma System Fund 25700	Save Our Children's Sight Fund 26100	Vaccine Purchase Act 40180	Birth and Death Certificate 50200
ASSETS						
Investment in SGFIP	\$ 209,573	\$ 110,880	\$ 123,837	\$ 382,601	\$ 1,102,850	\$ 1,173
Cash in Bank Accounts	-	-	-	-	-	750
Accounts Receivable	-	-	-	-	270,274	-
Due from Local Governments	-	-	-	-	5,951	-
Due from Other State Agencies	-	-	-	-	-	-
Prepaid Expenses and Others	1,236	-	-	-	-	-
Total Assets	\$ 210,809	\$ 110,880	\$ 123,837	\$ 382,601	\$ 1,379,075	\$ 1,923
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 174,497	\$ 110,880	\$ 9,427	\$ -	\$ -	\$ 1,883
Accrued Payroll	35,076	-	-	-	-	-
Due to Other Agencies	-	-	-	-	-	0
Other Liabilities	-	-	-	-	-	-
Due to State General Fund	-	-	-	-	-	40
Total Liabilities	209,573	110,880	9,427	-	-	1,923
FUND BALANCES						
Nonspendable	1,236	-	-	-	-	-
Restricted	-	-	114,410	382,601	1,379,075	-
Committed	-	-	-	-	-	-
Total Fund Balances	1,236	-	114,410	382,601	1,379,075	-
Total Liabilities and Fund Balances	\$ 210,809	\$ 110,880	\$ 123,837	\$ 382,601	\$ 1,379,075	\$ 1,923

**NEW MEXICO DEPARTMENT OF HEALTH
COMBINING BALANCE SHEET BY FUND TYPE—NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

Special Revenue Funds (Continued)				Capital Projects Funds			
Sexual Assault Services HB-536 68240	Emergency Medical Services Fund 75600	Birthing Workforce Retention Fund 95810	Total Special Revenue Funds	Capital Lease Bond Fund 20480	GF Capital Outlay 93100	Total Capital Project Funds	Total Nonmajor Funds
\$ -	\$ 198,951	\$ 43,968	\$2,173,833	\$ 377	\$ 410,555	\$ 410,932	\$2,584,765
-	-	-	750	-	-	-	750
-	-	-	270,274	-	-	-	270,274
-	-	-	5,951	-	-	-	5,951
-	-	-	-	-	-	-	-
-	-	-	1,236	-	-	-	1,236
<u>\$ -</u>	<u>\$ 198,951</u>	<u>\$ 43,968</u>	<u>\$2,452,044</u>	<u>\$ 377</u>	<u>\$ 410,555</u>	<u>\$ 410,932</u>	<u>\$2,862,976</u>
\$ -	\$ 6,090	\$ -	\$ 302,777	\$ 377	\$ -	\$ 377	\$ 303,154
-	-	-	35,076	-	-	-	35,076
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	40	-	-	-	40
-	6,090	-	337,893	377	-	377	338,270
-	-	-	1,236	-	-	-	1,236
-	192,861	43,968	2,112,915	-	410,555	410,555	2,523,470
-	-	-	-	-	-	-	-
<u>-</u>	<u>192,861</u>	<u>43,968</u>	<u>2,114,151</u>	<u>-</u>	<u>410,555</u>	<u>410,555</u>	<u>2,524,706</u>
<u>\$ -</u>	<u>\$ 198,951</u>	<u>\$ 43,968</u>	<u>\$2,452,044</u>	<u>\$ 377</u>	<u>\$ 410,555</u>	<u>\$ 410,932</u>	<u>\$2,862,976</u>

NEW MEXICO DEPARTMENT OF HEALTH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES BY FUND TYPE—NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Special Revenue Funds					
	Medical Cannabis Program Fund 11410	County Supported Medicaid Fund 21900	Trauma System Fund 25700	Save Our Children's Sight Fund 26100	Vaccine Purchase Act 40180	Birth and Death Certificate 50200
REVENUES						
Federal Grant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
In-Kind Assistance-Federal	-	-	-	-	-	-
Charges for Services	-	-	-	-	14,088,076	(12)
Fees, Penalties, Rentals, and Other	3,222,867	-	-	79,242	38,132	-
Total Revenues	3,222,867	-	-	79,242	14,126,208	(12)
EXPENDITURES						
Current Operating:						
Public Health	-	2,538,003	-	89,929	17,100,329	-
Facilities Management	-	-	-	-	-	-
Epidemiology and Response	-	-	1,601,392	-	-	-
Other Health Initiatives	3,089,970	-	-	-	-	-
Capital Lease Principal Payment	-	-	-	-	-	-
Capital Lease Interest Payment	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	3,089,970	2,538,003	1,601,392	89,929	17,100,329	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	132,897	(2,538,003)	(1,601,392)	(10,687)	(2,974,121)	(12)
OTHER FINANCING SOURCES (USES)						
General Fund Appropriations	-	-	1,635,400	-	-	-
County Supported Medicaid	-	2,556,767	-	-	-	-
Other Financing Uses	-	-	-	-	-	-
Investment Income	-	-	-	-	103,959	-
Reversion - FY2019 - Transfers Out	(132,897)	(19,178)	-	-	-	-
Total Other Financing Sources (Uses)	(132,897)	2,537,589	1,635,400	-	103,959	-
NET CHANGE IN FUND BALANCES	-	(414)	34,008	(10,687)	(2,870,162)	(12)
Fund Balances - Beginning of Year	-	414	80,402	393,288	4,249,237	12
Change in Nonspendable for Inventory	1,236	-	-	-	-	-
FUND BALANCES - END OF YEAR	\$ 1,236	\$ -	\$ 114,410	\$ 382,601	\$ 1,379,075	\$ -

**NEW MEXICO DEPARTMENT OF HEALTH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES BY FUND TYPE—NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

Special Revenue Funds (Continued)				Capital Projects Funds			
Sexual Assault Services HB-536 68240	Emergency Medical Services Fund 75600	Birthing Workforce Retention Fund 95810	Total Special Revenue Funds	Capital Lease Bond Fund 20480	GF Capital Outlay 93100	Total Capital Project Funds	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	14,088,064	-	-	-	14,088,064
-	59,290	-	3,399,531	34,080	-	34,080	3,433,611
-	59,290	-	17,487,595	34,080	-	34,080	17,521,675
-	-	57,032	19,785,293	-	-	-	19,785,293
-	-	-	-	1,939,666	1,160	1,940,826	1,940,826
-	2,902,727	-	4,504,119	-	-	-	4,504,119
-	-	-	3,089,970	-	-	-	3,089,970
-	-	-	-	745,000	-	745,000	745,000
-	-	-	-	1,278,478	-	1,278,478	1,278,478
-	-	-	-	-	88,285	88,285	88,285
-	2,902,727	57,032	27,379,382	3,963,144	89,445	4,052,589	31,431,971
-	(2,843,437)	(57,032)	(9,891,787)	(3,929,064)	(89,445)	(4,018,509)	(13,910,296)
-	2,821,900	31,300	4,488,600	4,050,000	-	4,050,000	8,538,600
-	-	-	2,556,767	-	-	-	2,556,767
(8,687)	-	-	(8,687)	-	-	-	(8,687)
-	-	-	103,959	-	-	-	103,959
-	-	-	(152,075)	(123,667)	-	(123,667)	(275,742)
(8,687)	2,821,900	31,300	6,988,564	3,926,333	-	3,926,333	10,914,897
(8,687)	(21,537)	(25,732)	(2,903,223)	(2,731)	(89,445)	(92,176)	(2,995,399)
8,687	214,398	69,700	5,016,138	2,731	500,000	502,731	5,518,869
-	-	-	1,236	-	-	-	1,236
\$ -	\$ 192,861	\$ 43,968	\$ 2,114,151	\$ -	\$ 410,555	\$ 410,555	\$ 2,524,706

**NEW MEXICO DEPARTMENT OF HEALTH
STATEMENT OF REVENUES AND EXPENDITURES –
OTHER HEALTH INITIATIVES: MEDICAL CANNABIS FUND
BUDGET AND ACTUAL (MODIFIED ACCRUAL BUDGETARY GAAP BASIS)
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Program P787 - Medical Cannabis			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES AND OTHER FINANCING SOURCES				
Federal Funds	\$ -	\$ -	\$ -	\$ -
State General Fund Appropriation	-	-	-	-
Other State Funds	2,750,000	3,225,000	3,222,866	(2,134)
Interagency Transfers	-	-	-	-
Total Revenues and Other Financing Sources	2,750,000	3,225,000	3,222,866	(2,134)
PRIOR YEAR FUND BALANCE USED	-	-	-	-
Total Revenues and Fund Balance Budgeted	2,750,000	3,225,000	3,222,866	(2,134)
EXPENDITURES AND OTHER FINANCING USES				
Personnel Services and Benefits	1,400,000	1,799,000	1,840,751	(41,751)
Contractual Services	234,000	590,000	711,768	(121,768)
Other	1,116,000	836,000	537,451	298,549
Other Financing Uses	-	-	-	-
Total Expenditures and Other Financing Uses	<u>\$ 2,750,000</u>	<u>\$ 3,225,000</u>	3,089,970	<u>\$ 135,030</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES			132,896	
REVERSIONS (Not Budgeted)			<u>(132,896)</u>	
NET CHANGE IN FUND BALANCE			<u>\$ -</u>	

NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE 1 – SUPPLEMENTARY SCHEDULE OF INDIVIDUAL DEPOSITS
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

Account Title	Depository	Balance per Bank	Reconciling Items	Reconciled Balance per Books
Petty Cash Accounts by Region (Cash Accounts - 104900)				
Program 1		\$ 250	\$ -	\$ 250
Program 2		2,098	699	2,797
Program 4		300	-	300
Program 6		2,897	1,378	4,275
Program 7		500	-	500
Program 8		200	-	200
Total Petty Cash Accounts by Region		<u>\$ 6,245</u>	<u>\$ 2,077</u>	<u>\$ 8,322</u>
Children's Medical Services Bank Accounts (Checking Accounts - 102900)				
Alamogordo	First National Bank of Alamogordo	\$ 600	\$ -	\$ 600
Artesia	Wells Fargo Bank	375	-	375
Carlsbad	Carlsbad National Bank	600	-	600
Clovis	NM Bank & Trust - Clovis	600	-	600
Deming	Wells Fargo Bank	1,000	-	1,000
Dona Ana County	Wells Fargo Bank	1,150	-	1,150
Hobbs	Wells Fargo Bank	500	-	500
Las Cruces Regional Office	Wells Fargo Bank	641	59	700
Rio Arriba	Valley National Bank, Espanola	468	32	500
Roswell	Wells Fargo Bank	600	-	600
San Miguel	Southwest Capital Bank	402	98	500
Santa Fe	Wells Fargo Bank	510	(10)	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 Children's Medical Services		<u>9,646</u>	<u>179</u>	<u>9,825</u>
The Title X/Family Planning Depository Clearing (Checking Accounts - 102900)				
Clayton	Farmers' and Stockmen's Bank, Clayton	100	-	100
Ft. Sumner	Citizens Bank of Clovis, Ft. Sumner	5	-	5
Lordsburg	Western Bank, Lordsburg	100	-	100
T or C	Bank of the Southwest, T or C	100	-	100
Taos	US Bank	76	-	76
Total Title X/Family Planning		<u>381</u>	<u>-</u>	<u>381</u>
District Health Office Totals		<u>10,027</u>	<u>179</u>	<u>10,206</u>
General Fund Bank Accounts (Checking Accounts)				
NMBHI-Revolving	Community 1st Bank	1,019,343	(1,018,843)	500
FBMC	Bank of America	-	(500)	(500)
Total General Fund Bank Accounts		<u>1,019,343</u>	<u>(1,019,343)</u>	<u>-</u>
Total General Fund, Including District Health Offices		<u>\$ 1,029,370</u>	<u>\$ (1,019,164)</u>	<u>\$ 10,206</u>

NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE 1 – SUPPLEMENTARY SCHEDULE OF INDIVIDUAL DEPOSITS
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

Account Title	Depository	Balance per Bank	Reconciling Items	Reconciled Balance per Books
Investments in State General Fund Investment Pool (SGFIP)				
Operating Fund - 061	State Treasurer	\$ 15,672,759	\$ 361,373	\$ 16,034,132
Medical Cannabis - 114	State Treasurer	342,491	(132,919)	209,572
FBMC Lease - 2048	State Treasurer	124,044	(123,667)	377
CMS Fund - 219	State Treasurer	130,058	(19,178)	110,880
Trauma Fund - 257	State Treasurer	123,837	-	123,837
Save Our Children - 261	State Treasurer	382,601	-	382,601
DD Waiver - 4017	State Treasurer	7,067,558	-	7,067,558
DD Vaccine - 4018	State Treasurer	1,102,850	-	1,102,850
Birth & Death - 502	State Treasurer	2,109	(936)	1,173
EMS - 756	State Treasurer	200,332	(1,380)	198,952
GF Capital Outlay - 931	State Treasurer	410,555	-	410,555
Birthing Workforce - 958	State Treasurer	43,968	-	43,968
Total SGFIP - 101800/101900		25,603,162	83,293	25,686,455
Trust and Agency Funds - Banks (checking accounts)				
NMBHI - Pt. Burial	Southwest Capital Bank	29,095	-	29,095
NMBHI - Canteens	Southwest Capital Bank	98,117	(173)	97,944
NMBHI - Pt. Demand (Trust)	Southwest Capital Bank	369,143	(32,892)	336,251
NMBHI - Foster Grandparent	Southwest Capital Bank	16,017	-	16,017
FBMC - Pt. Burial	Wells Fargo Bank	19,642	-	19,642
FBMC - Pt. Demand (Trust)	Wells Fargo Bank	56,432	(5,712)	50,720
FBMC - Special	Wells Fargo Bank	14,592	(370)	14,222
LLCP - SSA Beneficiaries	Wells Fargo Bank of NM - Los Lunas	53,472	(23,233)	30,239
LLCP - Managed Care	Wells Fargo Bank of NM - Los Lunas	8,813	(63)	8,750
LLCP - Pt. Demand (Trust)	Wells Fargo Bank of NM - Los Lunas	67	-	67
Sequoyah - Pt. Demand (Trust)	Bank of America - Albuquerque	5,036	(2,030)	3,006
Total Trust and Agency Funds - Banks		670,426	(64,473)	605,953
Vital Statistics Depository Clearing				
Clayton	Farmers & Stockmen	130	-	130
Truth or Consequences	Bank of the SW	390	-	390
Taos	US Bank	230	-	230
Total Vital Statistics Depository Clearing		750	-	750
Department Total - All Funds		\$ 27,309,953	\$ (998,267)	\$ 26,311,686

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE 2 – SUPPLEMENTARY SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

	Community 1st Bank	Southw est Capital Bank	Wells Fargo Bank	Other Banks	Accounts at State Treasurer	Total
Total Amount of Deposit	\$1,019,343	\$ 512,774	\$159,594	\$8,835	\$25,603,162	\$ 27,303,708
Less FDIC	(250,000)	(250,000)	(159,594)	(8,835)	-	(668,429)
Total Uninsured Public Money	769,343	262,774	-	-	25,603,162	26,635,279
50% Collateral Requirement	384,672	131,387	-	-	12,801,581	13,317,640
State Agency Collateral Listing:			A		B	A&B
Bonds:						
FHFB ID:13318 Advance#4822000023 1/29/24	-	1,000,000	-	-	-	1,000,000
FHFB ID:13318 Advance#213003605 7/1/33	-	68,803	-	-	-	68,803
FHFB ID:13318 Advance#14626001670 10/1/38	-	195,028	-	-	-	195,028
FHFB ID:13318 Advance#4822000034 8/2/21	-	242,279	-	-	-	242,279
FHFB ID:13318 Advance#4822000027 4/2/29	-	1,196,870	-	-	-	1,196,870
FHFB ID:13318 FHLB Capital Stock B1	-	1,496,200	-	-	-	1,496,200
FHFB ID:13318 FHLB Capital Stock B2	-	110,900	-	-	-	110,900
FHFB ID:13318 Commitment#3544000001 1/27/20	-	30,000,000	-	-	-	30,000,000
FHFB ID:13318 Commitment#394600009 1/27/20	-	4,150,000	-	-	-	4,150,000
FHFB ID:13318 Account#4332008	-	392,784	-	-	-	392,784
GNMA I Pool#783556, CUSIP#36241L5R3	120,571	-	-	-	-	120,571
US Treasury Note CUSIP#912828xb1	300,000	-	-	-	-	300,000
US Treasury Note CUSIP#912828u57	100,000	-	-	-	-	100,000
Total Pledged	520,571	38,852,864	-	-	-	39,373,435
Over (Under) Pledged	\$ 135,900	\$38,721,477	\$ -	\$ -	\$ -	\$ 38,857,377

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. Pledged Collateral is valued at fair market value.

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.

2. 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.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE 3 – SUPPLEMENTARY SCHEDULE OF JOINT POWERS AGREEMENTS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

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 19	Participant Responsible for Audit	Fiscal Agent	Agency Reporting Revenues and Expenditures
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	\$ -	DOH, SVH	SVH	SVH
JPA 95-29	Human Services Department (HSD) Department of Health (DOH)	For Service Coordination, Early Intervention Developmental Services, Early Intervention Therapy Services	6/1/1995	Ongoing	5,000,000	5,000,000	-	HSD, DOH	Not Stated	HS, DOH
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	-	SCC	Not Stated	SCC, DOH
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 residents	6/1/2004	Ongoing	50,000	50,000	-	SMC	Not Stated	DOH, SMC
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	-	DOT	DOT	DOT
01-665-6800-0260	Department of Health (DOH) New Mexico School for the Deaf (NMSFD)	To support and coordinate services to children under four and their families who have hearing losses	7/1/2005	Ongoing	50,760	50,760	-	DOH, SFD	SFD	SFD
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	-	DOH, LC	DOH, LC	DOH, LC

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE 3 – SUPPLEMENTARY SCHEDULE OF JOINT POWERS AGREEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

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 19	Participant Responsible for Audit	Fiscal Agent	Agency Reporting Revenues and Expenditures
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	-	DOH, SC	DOH, SC	DOH, SC
04.665.4200.0311A1	Department of Health (DOH) Village of Hatch (VH)	For the Village of Hatch - DOH will provide health service to Village of Hatch County residents	11/14/2003	12/31/2033	429,800	429,800	-	DOH, VH	DOH, VH	DOH, VH
0630.8114.03.37 (JPA 03-37)	Human Services Department (HSD) Department of Health (DOH)	To designate the administrative, fiscal and programmatic responsibilities for the operations of the Home and Community Based Waiver Program	10/14/2003	- AIDS Waiver Medicaid	- 96,400 69,075,593	- 96,400 69,075,593	-	DOH, HSD	HSD	DOH, HSD
06.665.0100.0029	Department of Health (DOH) State Agency on Aging (SAA) Aging & Long Term Services Dept (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	-	AA, DOH	AA, DOH	AA, DOH
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.	5/27/1994	Ongoing	-	-	-	HSD	Not Stated	DOH, HSD
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 as required under the Medicaid Program	2/8/1996	Ongoing	-	-	-	HSD, DOH	Not Stated	HSD, DOH
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	-	Not Stated	Not Stated	Not Stated
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	-	-	-	Not Stated	Not Stated	Not Stated

NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE 4 – SUPPLEMENTARY SCHEDULE OF DUE TO AND DUE FROM OTHER STATE AGENCIES
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

Agency Business Unit	Agency Fund	Agency Due From	Agency Due To	Agency Business Unit	Agency Fund	Amount	Reason
66500	40171	Department of Health	Human Services Department	63000	97601	\$ 7,067,558	DD Waiver
Total Due to Other State Agencies						<u>\$ 7,067,558</u>	
63000	05200	Human Services Department	Department of Health	66500	06104	\$ 403,279	Medicaid Waiver Administration & Other Programs
79000	12800	Department of Public Safety	Department of Health	66500	06104	2,631	Reimbursement for the Paul D Coverdell Award for improving forensic science
80500	78900	Department of Transportation	Department of Health	66500	06104	481	Reimbursement for the National Highway Safety Administration award for increasing DUI convictions
92400	67202	Public Education Department	Department of Health	66500	06104	10,134	National School Lunch Program
67000	06500	Veterans' Service Commission	Department of Health	66500	06105	1,104	Leasing of Space
Total Due from Other State Agencies						<u>\$ 417,629</u>	

NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE 5 – SUPPLEMENTARY SCHEDULE OF INTERGOVERNMENTAL RECEIVABLES AND PAYABLES
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

Agency Due From	Component To	Amount	Reason
Department of Health	University of New Mexico (UNM) Hospital	\$ 118,429	Patients for Breast and Cervical Cancer
Department of Health	University of New Mexico (UNM) Hospital	716	Integrated Primary and Behavioral Health Care
Department of Health	University of New Mexico (UNM) Hospital	8,263	Patients for Oral Health Services
Department of Health	University of New Mexico (UNM) Hospital	<u>49,954</u>	To identify, isolate, assess, transport and treat patients with Ebola
Total Intergovernmental Payables		<u>\$ 177,362</u>	

Component From	Agency Due To	Amount	Reason
UNM Hospital	Department of Health	<u>\$ 48,840</u>	Birthing Hospitals (FHB/CMS - Genetic Testing Kits)
Total Intergovernmental Receivables		<u>\$ 48,840</u>	

Agency Due From	Local Government Due To	Amount	Reason
Department of Health	Bernalillo county	<u>\$ 34,734</u>	Cities Readiness Initiative for Emergency Preparedness
Total Local Government Payables		<u>\$ 34,734</u>	

NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE 5 – SUPPLEMENTARY SCHEDULE OF INTERGOVERNMENTAL RECEIVABLES AND
PAYABLES
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

Local Government Due From	Agency Due To	Amount	Reason
Otero County	Department of Health	\$ 2,035	Vaccine Purchase Fund
Otero County Hospital	Department of Health	3,220	Vaccine Purchase Fund
Tsay Corporation	Department of Health	695	Vaccine Purchase Fund
Acoma Police Department	Department of Health	246	Laboratory testing services
Alamo District Court	Department of Health	50	Laboratory testing services
Albuquerque ABC/WUA	Department of Health	7,180	Laboratory testing services
Albuquerque Air Quality / AEHD	Department of Health	4,050	Laboratory testing services
Albuquerque Open Space	Department of Health	36	Laboratory testing services
Albuquerque Water System	Department of Health	415	Laboratory testing services
Angel Fire Police Department	Department of Health	260	Laboratory testing services
Aztec Police Department	Department of Health	65	Laboratory testing services
Bernalillo County Environmental Health	Department of Health	1,541	Laboratory testing services
Bloomfield Police Department	Department of Health	195	Laboratory testing services
Canoncito - Tohajiilee	Department of Health	1,244	Laboratory testing services
Cedar Crest Water Users Assoc.	Department of Health	36	Laboratory testing services
Chaves County Sheriff's Office	Department of Health	130	Laboratory testing services
City of Belen	Department of Health	36	Laboratory testing services
City of Hobbs	Department of Health	1,068	Laboratory testing services
City of Roswell WWTP Laboratory	Department of Health	1,078	Laboratory testing services
Cochiti Elementary School	Department of Health	324	Laboratory testing services
Correo Water Association	Department of Health	442	Laboratory testing services
Crownpoint Police Department	Department of Health	1,112	Laboratory testing services
Dennis Chavez Elementary	Department of Health	144	Laboratory testing services
Dona Ana Public Hlth-Fam Planning	Department of Health	96	Laboratory testing services
El Prado Water & Sanitation District	Department of Health	1,135	Laboratory testing services
Eunice Police Department	Department of Health	195	Laboratory testing services
Gallup Police Department	Department of Health	65	Laboratory testing services
Gallup Water Works	Department of Health	100	Laboratory testing services
High Sierra Estates Water Assn	Department of Health	430	Laboratory testing services
Jal Police Department	Department of Health	65	Laboratory testing services
Jemez Valley Municipal School	Department of Health	770	Laboratory testing services
Jemez Valley Public Schools	Department of Health	391	Laboratory testing services
Jemez, Pueblo Resource Protection: Ta	Department of Health	155	Laboratory testing services
Jicarilla Apache Department of Correcti	Department of Health	696	Laboratory testing services
Laguna Tribal Court	Department of Health	2,066	Laboratory testing services
Loma Escondida Water Association	Department of Health	108	Laboratory testing services
Los Alamos Municipal Water System	Department of Health	150	Laboratory testing services
Lower Valley Water Users Assoc.	Department of Health	490	Laboratory testing services
Montessa Park Water System	Department of Health	152	Laboratory testing services
Moongate Water System	Department of Health	215	Laboratory testing services
Moquino Water System	Department of Health	144	Laboratory testing services
Navajo Police Department/Shiprock PD	Department of Health	280	Laboratory testing services
New Mexico Tech	Department of Health	60	Laboratory testing services
NMMA Veterinary Diag. Services	Department of Health	42,230	Shared costs of building
Office of the Medical Investigator	Department of Health	109,214	Shared costs of building
Ohkay Owingeh Tribal Police Department	Department of Health	32	Laboratory testing services
Pena Blanca Water & Sanitation District	Department of Health	430	Laboratory testing services
Placitas Elementary School	Department of Health	216	Laboratory testing services
Ponderosa MDWCA	Department of Health	72	Laboratory testing services
Ramah Navajo PD	Department of Health	130	Laboratory testing services
Rio Rancho - OMI	Department of Health	16	Laboratory testing services
Rio Rancho Water & WW Services	Department of Health	80	Laboratory testing services
Roswell Water & Wastewater Lab.	Department of Health	48	Laboratory testing services
San Juan County DWI Treatment Center	Department of Health	1,109	Laboratory testing services
Sandia Pueblo Tribal Police	Department of Health	1,538	Laboratory testing services
Santa Ana Pueblo Police Dept.	Department of Health	263	Laboratory testing services
Santa Clara Police Dept.	Department of Health	19	Laboratory testing services
Santa Clara Pueblo	Department of Health	293	Laboratory testing services
Santa Clara Pueblo Tribal Police	Department of Health	161	Laboratory testing services
Santo Domingo School	Department of Health	104	Laboratory testing services
Seboyeta Water System	Department of Health	120	Laboratory testing services
Sunset Acres Water Company	Department of Health	730	Laboratory testing services
Taos Pueblo Police Department	Department of Health	99	Laboratory testing services
Taos WWTP	Department of Health	112	Laboratory testing services
Tohajiilee District Court	Department of Health	25	Laboratory testing services
Town of Red River	Department of Health	144	Laboratory testing services
Town of Taos - Police Department	Department of Health	65	Laboratory testing services
Turquoise Lodge _ SHOULD BE TURQU	Department of Health	112	Laboratory testing services
Turquoise Trail Wastewater	Department of Health	190	Laboratory testing services
Western New Mexico University	Department of Health	550	Laboratory testing services
Zuni Police Department	Department of Health	259	Laboratory testing services
Total Local Government Receivables		<u>\$ 191,726</u>	

**SCHEDULE 6 – SUPPLEMENTARY SCHEDULE OF TRANSFERS IN AND TRANSFERS OUT
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

DOH Fund	Agency	Other Agency's Business Unit	Other Agency's Fund	Description	Amount
Transfers Out					
11410	Dept of Fin/Admin General Fund	34101	85300	Reversions	132,897
20480	Dept of Fin/Admin General Fund	34101	85300	Reversions	123,667
21900	Dept of Fin/Admin General Fund	34101	85300	Reversions	19,177
06100	Dept of Fin/Admin General Fund	34101	85300	Reversions	4,608,729
06100	Third Judicial District Court	23300	14300	MOA#19-665-0300-21779	52,500
06100	Dept of Fin/Admin General Fund	34101	85300	Transfer of Children's Medical Services Payments	9,471
06100	Regulation & Licensing Dept	42000	43700	Electrical/Mechanical Annual Permits	200
06100	Regulation & Licensing Dept	42000	43900	NM Board of Barbers and Cosmetologists Renew als	290
06100	Regulation & Licensing Dept	42000	46400	MOA#19-665-0300-21865 and Facility Renew als	33,960
06100	Regulation & Licensing Dept	42000	46600	CPA License Renew al	130
06100	NM Commission for the Blind	60600	04700	MOA payment	80,000
06100	Human Services Department	63000	97600	Transfer of Children's Medical Services Payments	605,120
06100	Human Services Department	63000	97600	JPA#05/665/0200.0008	462,300
40170	Human Services Department	63000	97601	DDSD Waiver Services and Other Programs	111,102,394
06100	Human Services Department	63000	97601	Early Intervention Therapy Services	11,990,208
06100	NM Environment Department	66700	40000	Pool Permit	150
06100	NM Environment Department	66700	59200	Radioactive Materials License	1,700
06100	NM Environment Department	66700	06400	MOA#19-665-0300-21754	10,000
06100	NM Environment Department	66700	99100	Food Permits	1,000
06100	Children, Youth & Family Dept	69000	06700	Treatment Center Licensures	240
06100	Corrections Department	77000	90700	MOA#19-665-0300-21773	6,161
68240	Crime Victims Reparation Comm	78000	90900	Optional Designation of Tax Refunds for Sexual Assault Services	8,686
11410	Department of Public Safety	79000	12805	Medical Cannabis Program background checks	165
Total Transfers Out					<u><u>\$ 129,249,145</u></u>

*This schedule was prepared on an accrual basis.

**This schedule includes all general ledger transactions that posted between New Mexico agencies. The total does not agree to Other Financing Sources on the income statement as there are amounts listed above that are included in the Revenue Category too.

**SCHEDULE 6 – SUPPLEMENTARY SCHEDULE OF TRANSFERS IN AND TRANSFERS OUT
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

DOH Fund	Agency	Other Agency's Business Unit	Other Agency's Fund	Description	Amount
Transfers In					
Transfers from Other State Agencies					
06100	Department of Finance & Administration	34101	85300	General Fund Appropriations	\$182,329,600
40170	Department of Finance & Administration	34101	85300	GFA - Developmental Disabilities	109,632,300
25700	Department of Finance & Administration	34101	85300	GFA - Trauma Systems	1,635,400
75600	Department of Finance & Administration	34101	85300	GFA - Emergency Medical Services	2,821,900
95810	Department of Finance & Administration	34101	85300	Birthing Workforce Retention	31,300
20480	Department of Finance & Administration	34101	85300	Capital Lease Bond Fund	4,050,000
Subtotal General Fund Appropriations					<u>300,500,500</u>
06100	Fourth Judicial District Court	23400	14400	Defensive Driving Courses	360
06100	Ninth Judicial District Court	23900	92700	Defensive Driving Courses	120
06100	Bernalillo County Metro Court	24400	20560	Turquoise Lodge Hospital SAMHSA 905	16,100
06100	Public Defender	28000	17510	Copy Fees	19
06100	State Investment Council	33700	60100	LGPF Distribution to Beneficiaries	4,085,360
21900	Department of Finance & Administration	34101	02100	CSMF Distribution	2,556,767
06100	Department of Finance & Administration	34100	56000	MOU in the DWI program for the Local Government Division	30,000
06100	Department of Finance & Administration	34100	62000	Compensation Section	2,003,800
06100	Department of Finance & Administration	34100	69700	Tobacco Settlement Program	6,335,535
06100	Department of Finance & Administration	34100	76100	Land Income	202,708
06100	Department of Finance & Administration	34100	00900	Special	511,712
06100	Department of Cultural Affairs	50500	19302	Rent- Los Lunas building for West Bookmobile	8,947
06100	Game and Fish Department	51600	19800	Water Chemistry Testing	16,703
06100	Energy, Minerals & Resources	52100	19902	Federal Contract - DOHWIPP	120,505
06100	Office of State Engineer	55000	21400	DOH Utilities	28,098
06100	Human Services Department	63000	05200	NM SA Epidemiological Profile	566,972
06100	Human Services Department	63000	05200	JPA's and GSAs	18,236,060
06100	Human Services Department	63000	90100	GSA 17-630-8000-0024	177,864
06100	Human Services Department	63000	97500	GSA 17-630-9000-0045 - SNAP-ED Program	568,622
06100	Human Services Department	63000	97600	Refugee Services	30,973
06100	Miner Colfax Medical Center	66200	10200	Hospital Licensures	1,644
06100	NM Environment Department	66700	06400	Copy Center	629,958
06100	NM Environment Department	66700	05200	Testing	161
06100	Department of Veterans Service	67000	50460	Facility Renewal	1,920
06100	Children, Youth & Family Dept	69000	06700	AGREEMENT # 18-690-15233 Reconnecting Youth Survey	20,000
06100	Corrections Department	77000	91500	NMMRA	82,049
06100	Department of Public Safety	79000	12800	Paul D Coverdell Award for improving forensic science	2,631
06100	Department of Public Safety	79000	12801	Portion of Burroughs Building	37,631
06100	Department of Public Safety	79000	12802	Paul D Coverdell Award for improving forensic science	14,216
06100	Department of Transportation	80500	10010	Project DOHTSB1801	70,830
06100	Department of Transportation	80500	78900	Project DOHTSB1901	481
06100	Public Education Department	92400	67202	Project DOHNSLP1901	58,911
06100	Public Education Department	92400	84402	DOHSHAS1901	34,710
Subtotal Other Transfer In					<u>36,452,367</u>
Total Transfers In					<u>\$336,952,867</u>

*This schedule was prepared on an accrual basis.

**This schedule includes all general ledger transactions that posted between New Mexico agencies. The total does not agree to Other Financing Sources on the income statement as there are amounts listed above that are included in the Revenue Category too.

**SCHEDULE 6 – SUPPLEMENTARY SCHEDULE OF TRANSFERS IN AND TRANSFERS OUT
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

Entity	Amount
Transfers Out to Other Components and Higher Education Institutes of the State	
New Mexico School for the Deaf	\$ 67,926
Regents of New Mexico State University	278,495
University of New Mexico	13,924,916
UNM Hospital	255,818
Total Transfers Out	\$ 14,527,155
Transfers In from Other Components and Higher Education Institutes of the State	
University of New Mexico	\$ 492,270
New Mexico State University	183,792
University of New Mexico	48,840
University of New Mexico	65,089
University of New Mexico	7,627
New Mexico State University	1,060
Total Transfers In	\$ 798,678

*This schedule was prepared on an accrual basis.

**This schedule includes all general ledger transactions that posted between New Mexico agencies. The total does not agree to Other Financing Sources on the income statement as there are amounts listed above that are included in the Revenue Category too.

**SCHEDULE 7 – SUPPLEMENTARY SCHEDULE OF SPECIAL APPROPRIATIONS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

Description	Fund	Department	Reversion Date	Final Budget	Appropriation Received 6/30/2019	Unaudited Actual Cash Received Prior Years	Current Year Expenditures	Unaudited Prior Year Expenditures	Current Year Reversions	Authority as of 6/30/2019
Data Processing Appropriation Law s of 2017, Ch. 135, Section 7- § 10-To continue implementation of the DDSD client management support system.	06102	ZB0710	6/30/2020	\$ 2,160,000	\$ 25,822	\$ -	\$ 25,822	\$ -	\$ -	\$ 2,134,178
Data Processing Appropriation Law s of 2017, Ch. 135, Section 7- § 10-To continue implementation of the DDSD client management support system.	06105	ZB0710	6/30/2020	240,000	3,253	-	2,805	-	-	237,195
Special Appropriation Law s of 2018, Ch. 73, Section 5- § 87-For the dance and fitness programs in the schools.	06101	ZC5587	6/30/2019	80,000		80,000	80,000	-	-	-
Special Appropriation Law s of 2018, Ch. 73, Section 7- § 22- To upgrade the children's medical services medical provider enrollment system to integrate w ith the human services department's Medicaid management information system replacement project.	06104	ZC7022	6/30/2020	180,000	-	-	-	-	-	180,000
Special Appropriation Law s of 2018, Ch. 73, Section 7- § 22- To upgrade the children's medical services medical provider enrollment system to integrate w ith the human services department's Medicaid management information system replacement project.	06105	ZC7022	6/30/2020	20,000	1,960	-	-	-	-	20,000
Special Appropriation Law s of 2018, Ch. 73, Section 7- § 23- To purchase hardw are and softw are to implement a facilities licensing system.	06104	ZC7023	6/30/2020	315,000	-	-	-	-	-	315,000
Special Appropriation Law s of 2018, Ch. 73, Section 7- § 23- To purchase hardw are and softw are to implement a facilities licensing system.	06105	ZC7023	6/30/2020	35,000	1,960	-	-	-	-	35,000
Special Appropriation Law s of 2018, Ch. 73, Section 7- § 24- To integrate the families first Medicaid eligibility system w ith the human services department's Medicaid management information system replacement project.	06104	ZC7024	6/30/2020	225,000	-	-	-	-	-	225,000
Special Appropriation Law s of 2018, Ch. 73, Section 7- § 24- To integrate the families first Medicaid eligibility system w ith the human services department's Medicaid management information system replacement project.	06105	ZC7024	6/30/2020	25,000	1,960	-	-	-	-	25,000
Special Appropriation Law s of 2018, Ch. 73, Section 7- § 25- To purchase and implement a commercial off-the-shelf incident management system.	06104	ZC7025	6/30/2020	180,000	-	-	-	-	-	180,000
Special Appropriation Law s of 2018, Ch. 73, Section 7- § 25- To purchase and implement a commercial off-the-shelf incident management system.	06105	ZC7025	6/30/2020	20,000	1,960	-	-	-	-	20,000
Special Appropriation Law s of 2018, Ch. 73, Section 7- § 26- To purchase and implement an integrated document management system and upgrade the vital records database.	06105	ZC7026	6/30/2020	2,750,000	500,619	-	143,570	-	-	2,606,430
Special Appropriation Law s of 2019, Ch. 271, Section 5 - § 82- Facilities Management Feasibility and Master Planning Assessments.	06101	ZD5082	6/30/2020	500,000	500,000		-			500,000

**SCHEDULE 7 – SUPPLEMENTARY SCHEDULE OF SPECIAL APPROPRIATIONS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

Description	Fund	Department	Reversion Date	Final Budget	Appropriation Received 6/30/2019	Unaudited Actual Cash Received Prior Years	Current Year Expenditures	Unaudited Prior Year Expenditures	Current Year Reversions	Authority as of 6/30/2019
Special Appropriation Laws of 2019, Ch. 271, Section 5 - § 85- For Jackson Law suit trial expenses.	06101	ZD5085	6/30/2020	2,000,000	2,000,000		250,543			1,749,457
Special Appropriation Laws of 2019, Ch 271, Section 5- § 86- For long acting reversible contraceptive mentorship program.	06101	ZD5086	6/30/2020	1,100,000	1,100,000					1,100,000
Special Appropriation Laws of 2019, Ch. 271, Section 5 - § 88- To support the hiring of two dental assistants.	06101	ZD5088	6/30/2020	113,500	113,500					113,500
Special Appropriation Laws of 2019, Ch. 271, Section 6 - § 23- To cover funding deficits due to rising costs for individuals on the two developmental disability waivers.	06101	ZD6023	6/30/2019	2,800,000	2,800,000		2,800,000			-
Special Appropriation Laws of 2019, Ch. 271, Section 6 - § 24- To support a two percent rate adjustment for developmental disability waiver providers for all services.	06101	ZD6024	6/30/2019	800,000	800,000		800,000			-
Special Appropriation Laws of 2019, Ch. 271, Section 6 - § 25- To address a projected increase in the number of children referred to and determined eligible for the family, infant, toddler program.	06101	ZD6025	6/30/2019	2,641,900	2,641,900		2,576,237		65,663	-
Special Appropriation Laws of 2019, Ch. 271, Section 6- § 26- To cover fiscal year 2019 personnel services and employee benefits shortfall in the administrative services division.	06101	ZD6026	6/30/2019	400,000	400,000		399,869		131	-
Special Appropriation Laws of 2019, Ch. 271, Section 7- § 23- For the initiation and planning phase to implement a database for healthcare cost data.	06105	ZD7023	6/30/2021	900,000						900,000
Special Appropriation Laws of 2019, Ch. 271, Section 7- § 24- To purchases and implement an enterprise electronic healthcare records system for public health offices statewide.	06105	ZD7024	6/30/2021	4,000,000						4,000,000
Special Appropriation Laws of 2019, Ch. 271, Section 7- § 27- To continue implementation of an integrated document management system and to upgrade the vital records database.	06105	ZD7027	6/30/2021	2,100,000						2,100,000
Special Appropriation Laws of 2019, Ch. 271, Section 7- § 26- To integrate toxicology instrumentation data into the department of health's laboratory information management system.	06105	ZD7026	6/30/2021	440,000						440,000
Capital Projects House Bill 306, Laws of 2018, Ch. 80, Section 41- § -To purchase and install scientific, analytical, and medical equipment, including the recalibration of existing equipment, at the department of health facilities statewide.	93100	A18C2719	6/30/2022	500,000	-	500,000	89,445	-	-	410,555
				\$24,525,400	\$ 10,892,934	\$ 580,000	\$ 7,168,291	\$ -	\$ 65,794	\$ 17,291,315

NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE 8 – SUPPLEMENTARY SCHEDULE OF CHANGES IN ASSETS AND
LIABILITIES—AGENCY FUNDS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>Fund 51000 - Patients' Trust Fund</u>				
ASSETS				
Cash	\$ 658,772	\$ 4,675,097	\$ 4,727,916	\$ 605,953
Petty Cash	850	-	-	850
Total Assets	<u>\$ 659,622</u>	<u>\$ 4,675,097</u>	<u>\$ 4,727,916</u>	<u>\$ 606,803</u>
LIABILITIES				
Deposits Held for others	\$ 659,622	\$ 4,727,916	\$ 4,675,097	\$ 606,803
Total Liabilities	<u>\$ 659,622</u>	<u>\$ 4,727,916</u>	<u>\$ 4,675,097</u>	<u>\$ 606,803</u>

**NEW MEXICO DEPARTMENT OF HEALTH
INDIGENT CARE COST AND FUNDING REPORT - NMBHI
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

**Indigent Care Cost and Funding Report
New Mexico Behavioral Health Institute (NMBHI)**

	For the Year Ended June 30,		
	2019	Unaudited - 2018	Unaudited - 2017
A Funding for Indigent Care			
A1 State appropriations specified for indigent care	\$ -	\$ -	\$ -
A2 County indigent funds received	-	-	-
A3 Out of county indigent funds received	-	-	-
A4 Payments and copayments received from uninsured patients qualifying for indigent care	12,505,657	10,431,334	14,499,415
A5 Reimbursement received for services provided to patients qualifying for coverage under EMSA	-	-	-
A6 Charitable contributions received from donors that are designated for funding indigent care Other sources	-	-	-
A7 Other source 1 (if applicable)	-	-	-
Total Funding for Indigent Care	<u>12,505,657</u>	<u>10,431,334</u>	<u>14,499,415</u>
B Cost of Providing Indigent Care			
Total cost of care for providing services to:			
B1 Uninsured patients qualifying for indigent care	41,799,483	35,672,896	38,995,319
B2 Patients qualifying for coverage under EMSA	-	-	-
B3 Cost of care related to patient portion of bill for insured patients qualifying for indigent care	-	-	-
B4 Direct costs paid to other providers on behalf of patients qualifying for indigent care	183,456	297,250	239,426
B5 Other costs of providing Indigent Care (please specify)	-	-	-
Total Cost of Providing Indigent Care	<u>41,982,939</u>	<u>35,970,146</u>	<u>39,234,745</u>
Excess (Shortfall) of Funding for Charity Care to Cost of Providing Indigent Care	<u>\$ (29,477,282)</u>	<u>\$ (25,538,811)</u>	<u>\$ (24,735,330)</u>
C Patients Receiving Indigent Care Services			
C1 Total number of patients receiving indigent care	702	766	891
C2 Total number of patient encounters receiving indigent care	1,050	1,077	1,181

**NEW MEXICO DEPARTMENT OF HEALTH
CALCULATIONS OF COST OF PROVIDING INDIGENT CARE - NMBHI
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

**Calculations of Cost of Providing Indigent Care
New Mexico Behavioral Health Institute (NMBHI)**

	For the Year Ended June 30,		
	2019	Unaudited - 2018	Unaudited - 2017
Uninsured patients qualifying for indigent care			
Charges for these patients	\$ 36,490,164	\$ 31,706,423	\$ 38,384,997
Ratio of cost to charges	114.55%	112.51%	101.59%
Cost for uninsured patients qualifying for indigent care	<u>41,799,483</u>	<u>35,672,896</u>	<u>38,995,319</u>
Patients qualifying for coverage under Emergency Medical Services for Aliens (EMSA)			
Charges for these patients	-	-	-
Ratio of cost to charges	0.00%	0.00%	0.00%
Cost for Patients qualifying for coverage under Emergency Medical Services for Aliens (EMSA)	<u>-</u>	<u>-</u>	<u>-</u>
Cost of care related to patient portion of bill for insured patients qualifying for indigent care			
Indigent care adjustments for these patients	-	-	-
Ratio of cost to charges	0.00%	0.00%	0.00%
Cost of care related to patient portion of bill for insured patients qualifying for indigent care	<u>-</u>	<u>-</u>	<u>-</u>
Direct costs paid to other providers on behalf of patients qualifying for indigent care			
Payments to other providers for care of these patients	<u>183,456</u>	<u>297,250</u>	<u>239,426</u>
	<u>\$ 183,456</u>	<u>\$ 297,250</u>	<u>\$ 239,426</u>

**NEW MEXICO DEPARTMENT OF HEALTH
INDIGENT CARE COST AND FUNDING REPORT - FBMC
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

**Indigent Care Cost and Funding Report
Fort Bayard Medical Center (FBMC)**

	For the Year Ended June 30,		
	2019	Unaudited - 2018	Unaudited - 2017
A Funding for Indigent Care			
A1 State appropriations specified for indigent care	\$ -	\$ -	\$ -
A2 County indigent funds received	-	-	-
A3 Out of county indigent funds received	-	-	-
A4 Payments and copayments received from uninsured patients qualifying for indigent care	-	-	8,837
A5 Reimbursement received for services provided to patients qualifying for coverage under EMSA	-	-	-
A6 Charitable contributions received from donors that are designated for funding indigent care Other sources	-	-	-
A7 Other source 1 (if applicable)	-	-	35,101
Total Funding for Indigent Care	-	-	43,938
B Cost of Providing Indigent Care			
Total cost of care for providing services to:			
B1 Uninsured patients qualifying for indigent care	957,756	1,057,763	1,865,852
B2 Patients qualifying for coverage under EMSA	-	-	-
B3 Cost of care related to patient portion of bill for insured patients qualifying for indigent care	-	-	-
B4 Direct costs paid to other providers on behalf of patients qualifying for indigent care	25,302	84,633	247
B5 Other costs of providing Indigent Care (please specify)	-	-	-
Total Cost of Providing Indigent Care	983,058	1,142,396	1,866,099
Excess (Shortfall) of Funding for Charity Care to Cost of Providing Indigent Care	\$ (983,058)	\$ (1,142,396)	\$ (1,822,161)
C Patients Receiving Indigent Care Services			
C1 Total number of patients receiving indigent care	6	6	125
C2 Total number of patient encounters receiving indigent care	6	6	127

**NEW MEXICO DEPARTMENT OF HEALTH
CALCULATIONS OF COST OF PROVIDING INDIGENT CARE - FBMC
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

**Calculations of Cost of Providing Indigent Care
Fort Bayard Medical Center (FBMC)**

	For the Year Ended June 30,		
	2019	Unaudited - 2018	Unaudited - 2017
Uninsured patients qualifying for indigent care			
Charges for these patients	\$ 823,097	\$ 874,257	\$ 1,679,586
Ratio of cost to charges	116.36%	120.99%	111.09%
Cost for uninsured patients qualifying for indigent care	<u>957,756</u>	<u>1,057,763</u>	<u>1,865,852</u>
Patients qualifying for coverage under Emergency Medical Services for Aliens (EMSA)			
Charges for these patients	-	-	-
Ratio of cost to charges	0.00%	0.00%	0.00%
Cost for Patients qualifying for coverage under Emergency Medical Services for Aliens (EMSA)	<u>-</u>	<u>-</u>	<u>-</u>
Cost of care related to patient portion of bill for insured patients qualifying for indigent care			
Indigent care adjustments for these patients	-	-	-
Ratio of cost to charges	0.00%	0.00%	0.00%
Cost of care related to patient portion of bill for insured patients qualifying for indigent care	<u>-</u>	<u>-</u>	<u>-</u>
Direct costs paid to other providers on behalf of patients qualifying for indigent care			
Payments to other providers for care of these patients	25,302	84,633	247
	<u>\$ 25,302</u>	<u>\$ 84,633</u>	<u>\$ 247</u>

**NEW MEXICO DEPARTMENT OF HEALTH
INDIGENT CARE COST AND FUNDING REPORT - TLH
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

**Indigent Care Cost and Funding Report
Turquoise Lodge Hospital (TLH)**

	For the Year Ended June 30,		
	2019	Unaudited - 2018	Unaudited - 2017
A Funding for Indigent Care			
A1 State appropriations specified for indigent care	\$ -	\$ -	\$ -
A2 County indigent funds received	-	-	-
A3 Out of county indigent funds received	-	-	-
A4 Payments and copayments received from uninsured patients qualifying for indigent care	3,958	4,324	3,758
A5 Reimbursement received for services provided to patients qualifying for coverage under EMSA	-	-	-
A6 Charitable contributions received from donors that are designated for funding indigent care Other sources	-	-	-
A7 Other source 1 (if applicable)	-	-	-
Total Funding for Indigent Care	<u>3,958</u>	<u>4,324</u>	<u>3,758</u>
B Cost of Providing Indigent Care			
Total cost of care for providing services to:			
B1 Uninsured patients qualifying for indigent care	4,777,398	3,914,691	4,014,584
B2 Patients qualifying for coverage under EMSA	-	-	-
B3 Cost of care related to patient portion of bill for insured patients qualifying for indigent care	-	-	-
B4 Direct costs paid to other providers on behalf of patients qualifying for indigent care	-	-	-
B5 Other costs of providing Indigent Care (please specify)	-	-	-
Total Cost of Providing Indigent Care	<u>4,777,398</u>	<u>3,914,691</u>	<u>4,014,584</u>
Excess (Shortfall) of Funding for Charity Care to Cost of Providing Indigent Care	<u>\$ (4,773,440)</u>	<u>\$ (3,910,367)</u>	<u>\$ (4,010,827)</u>
C Patients Receiving Indigent Care Services			
C1 Total number of patients receiving indigent care	734	844	969
C2 Total number of patient encounters receiving indigent care	1,107	1,233	1,085

**NEW MEXICO DEPARTMENT OF HEALTH
CALCULATIONS OF COST OF PROVIDING INDIGENT CARE - TLH
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

**Calculations of Cost of Providing Indigent Care
Turquoise Lodge Hospital (TLH)**

	For the Year Ended June 30,		
	2019	Unaudited - 2018	Unaudited - 2017
Uninsured patients qualifying for indigent care			
Charges for these patients	\$ 3,298,624	\$ 3,462,796	\$ 3,620,004
Ratio of cost to charges	144.83%	113.05%	110.90%
 Cost for uninsured patients qualifying for indigent care	 <u>4,777,398</u>	 <u>3,914,691</u>	 <u>4,014,584</u>
Patients qualifying for coverage under Emergency Medical Services for Aliens (EMSA)			
Charges for these patients	-	-	-
Ratio of cost to charges	0.0%	0.0%	0.0%
 Cost for Patients qualifying for coverage under Emergency Medical Services for Aliens (EMSA)	 <u>-</u>	 <u>-</u>	 <u>-</u>
Cost of care related to patient portion of bill for insured patients qualifying for indigent care			
Indigent care adjustments for these patients	-	-	-
Ratio of cost to charges	0.0%	0.0%	0.0%
 Cost of care related to patient portion of bill for insured patients qualifying for indigent care	 <u>-</u>	 <u>-</u>	 <u>-</u>
Direct costs paid to other providers on behalf of patients qualifying for indigent care			
Payments to other providers for care of these patients	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW MEXICO DEPARTMENT OF HEALTH
INDIGENT CARE COST AND FUNDING REPORT - NMRC
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

**Indigent Care Cost and Funding Report
New Mexico Rehabilitation Center (NMRC)**

	For the Year Ended June 30,		
	2019	Unaudited - 2018	Unaudited - 2017
A Funding for Indigent Care			
A1 State appropriations specified for indigent care	\$ -	\$ -	\$ -
A2 County indigent funds received	-	-	-
A3 Out of county indigent funds received	-	-	-
A4 Payments and copayments received from uninsured patients qualifying for indigent care	35,165	-	22,331
A5 Reimbursement received for services provided to patients qualifying for coverage under EMSA	-	-	-
A6 Charitable contributions received from donors that are designated for funding indigent care Other sources	-	-	-
A7 Other source 1 (if applicable)	-	-	-
Total Funding for Indigent Care	35,165	-	22,331
B Cost of Providing Indigent Care			
Total cost of care for providing services to:			
B1 Uninsured patients qualifying for indigent care	1,263,317	174,483	773,656
B2 Patients qualifying for coverage under EMSA	-	-	-
B3 Cost of care related to patient portion of bill for insured patients qualifying for indigent care	-	-	-
B4 Direct costs paid to other providers on behalf of patients qualifying for indigent care	-	-	-
B5 Other costs of providing Indigent Care (please specify) Total Cost of Providing Indigent Care	1,263,317	174,483	773,656
Excess (Shortfall) of Funding for Charity Care to Cost of Providing Indigent Care	\$ (1,228,151)	\$ (174,483)	\$ (751,325)
C Patients Receiving Indigent Care Services			
C1 Total number of patients receiving indigent care	234	11	11
C2 Total number of patient encounters receiving indigent care	234	11	11

**NEW MEXICO DEPARTMENT OF HEALTH
CALCULATIONS OF COST OF PROVIDING INDIGENT CARE - NMRC
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

**Calculations of Cost of Providing Indigent Care
New Mexico Rehabilitation Center (NMRC)**

	For the Year Ended June 30,		
	2019	Unaudited - 2018	Unaudited - 2017
Uninsured patients qualifying for indigent care			
Charges for these patients	\$ 1,227,952	\$ 143,065	\$ 401,295
Ratio of cost to charges	102.88%	121.96%	192.79%
Cost for uninsured patients qualifying for indigent care	<u>1,263,317</u>	<u>174,483</u>	<u>773,656</u>
Patients qualifying for coverage under Emergency Medical Services for Aliens (EMSA)			
Charges for these patients	-	-	-
Ratio of cost to charges	0.00%	0.00%	0.00%
Cost for Patients qualifying for coverage under Emergency Medical Services for Aliens (EMSA)	<u>-</u>	<u>-</u>	<u>-</u>
Cost of care related to patient portion of bill for insured patients qualifying for indigent care			
Indigent care adjustments for these patients	-	-	-
Ratio of cost to charges	0.00%	0.00%	0.00%
Cost of care related to patient portion of bill for insured patients qualifying for indigent care	<u>-</u>	<u>-</u>	<u>-</u>
Direct costs paid to other providers on behalf of patients qualifying for indigent care			
Payments to other providers for care of these patients	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

Federal Agency / Pass-through Agency	Pass-Through Identifying Number	CFDA Program Title per CFDA.gov / SUBRECIPIENT NAME	CFDA No.	Passed through to Subrecipients	Federal Participating Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Dept of Agriculture		WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ -	\$ 40,237,793
Dept of Agriculture	PA# 19FHBWIC0001	FIRST CHOICE COMMUNITY HEALTHCARE INC	10.557	753,228	
Dept of Agriculture	PA# 19FHBWIC0002	FIRST NATIONS COMMUNITY	10.557	217,504	
Dept of Agriculture		WIC Farmers' Market Nutrition Program (FMNP)	10.572		158,854
Dept of Agriculture		Senior Farmers Market Nutrition Program	10.576		251,769
Dept of Agriculture		WIC Grants To States (WGS)	10.578		4,044,527
Dept of Agriculture Total				970,732	44,692,943
U.S. DEPARTMENT OF EDUCATION					
DOED		Special Education-Grants for Infants and Families	84.181		2,894,782
DOED Total					2,894,782
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DHHS		Chronic Diseases: Research, Control, and Prevention	93.068		48,082
DHHS		Public Health Emergency Preparedness	93.069		5,973,120
DHHS		Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073		163,187
DHHS		Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		91,844
DHHS		Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		313,581
DHHS		Maternal and Child Health Federal Consolidated Programs	93.110		89,462
DHHS		Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		401,595
DHHS		Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		191,601
DHHS		Injury Prevention and Control Research and State and Community Based Programs	93.136		3,502,149
DHHS		Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		273,739
DHHS		Family Planning Services	93.217		3,738,047
DHHS		Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235		549,156
DHHS		State Rural Hospital Flexibility Program	93.241		333,392
DHHS		Early Hearing Detection and Intervention	93.251		207,734
DHHS		Occupational Safety and Health Program	93.262		108,018
DHHS		Viral Hepatitis Prevention and Control	93.270		104,801
DHHS		Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		230,721
DHHS		Small Rural Hospital Improvement Grant Program	93.301		100,557
DHHS		PPHF 2018: Office of Smoking and Health - National State - Based Tobacco Control Programs - Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305		934,125
DHHS		Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314		68,710
DHHS		Emerging Infections Programs	93.317		2,406,540
DHHS	FY20UNM 030066	The University of New Mexico	93.317	965,421	
DHHS		Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		3,131,624
DHHS	FY20UNM 030066	The University of New Mexico	93.323	150,638	

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Federal Agency / Pass-through Agency	Pass-Through Identifying Number	CFDA Program Title per CFDA.gov / SUBRECIPIENT NAME	CFDA No.	Passed through to Subrecipients	Federal Participating Expenditures
DHHS		Behavioral Risk Factor Surveillance System	93.336		576,646
DHHS		Public Health Emergency Response: Cooperative Agreement for Emergency Resonse: Public Health Crisis Response	93.354		1,857,482
DHHS		Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		1,467,154
DHHS		The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements;PPHF	93.521		32,234
DHHS		Refugee and Entrant Assistance Discretionary Grants	93.576		86,051
DHHS		Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)	93.734		71,396
DHHS		Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753		100,800
DHHS		State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757		161,479
DHHS		Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		757,619
DHHS		Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)	93.761		198,067
DHHS		State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777 *		2,773,684
DHHS		Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817		257,851
DHHS	19-665-0300-21736, 37, 38, 39	Albuquerque Regional Coalition Healthcare Preparedness	93.817	18,741	
DHHS		Antimicrobial Resistance Surveillance in Retail Food Specimens	93.876		33,052
DHHS		National Bioterrorism Hospital Preparedness Program	93.889		2,195,647
DHHS	19-665-0300-21740, 41, 42 & 43	Albuquerque Regional Coalition Healthcare Preparedness	93.889	519,459	
DHHS	FY20UNM 030066	The University of New Mexico		143,519	
DHHS		Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		2,649,548
DHHS		Grants to States for Operation of State Offices of Rural Health	93.913		173,965
DHHS		HIV Care Formula Grants	93.917		3,931,909
DHHS	PA# 19IDBHIV0100	ALIANZA OF NEW MEXICO	93.917	349,068	
DHHS	PA# 19IDBHIV0107	SOUTHWEST CARE CENTER	93.917	644,798	
DHHS		HIV Prevention Activities Health Department Based	93.940		1,425,775
DHHS		Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		113,994
DHHS		Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		702,623
DHHS		Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981		16,958
DHHS		Preventive Health and Health Services Block Grant	93.991		1,485,894
DHHS		Maternal and Child Health Services Block Grant to the States	93.994		4,642,098

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

Federal Agency / Pass-through Agency	Pass-Through Identifying Number	CFDA Program Title per CFDA.gov / SUBRECIPIENT NAME	CFDA No.	Passed through to Subrecipients	Federal Participating Expenditures
DHHS		Immunization Cooperative Agreements	93.268		3,040,402
DHHS		Federal In-Kind assistance, Immunization	93.268		34,636,180
		Total Immunization Program	93.268		37,676,582
DHHS		Environmental Public Health and Emergency Response	93.070		1,431,716
State of Utah	1U88EH001153-01	Environmental Public Health and Emergency Response	93.070		147,685
		Total Environmental Public Health and Emergency Response	93.070		1,579,401
DHHS Total				2,791,644	87,929,694
<u>NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT</u>					
EMNRD	DE-FC29-88AL53813	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions	81.106		120,506
EMNRD Total					120,506
<u>NEW MEXICO HUMAN SERVICES DEPARTMENT - JOINT POWERS AGREEMENTS</u>					
HSD	17-630-9000-0014, 17-630-9000-0045	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561		568,622
HSD	18-630-7101-0001-A3	Child Support Enforcement	93.563		66,043
HSD	18-630-9000-0003	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		244,685
HSD	18-630-8000-0003, 18-630-8000-0013, JPA 95-29, JPA 96-22, JPA 96-32, 15-630-8000-0008, 18-630-7903-0004	Medical Assistance Program	93.778 *		14,188,125
HSD	17-630-7903-0012	Block Grants for Prevention and Treatment of Substance Abuse	93.959		715,958
HSD Total					15,783,433
<u>U.S. DEPARTMENT OF JUSTICE</u>					
DOJ		Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		16,847
DOJ Total					16,847
<u>NEW MEXICO PUBLIC EDUCATION DEPARTMENT</u>					
PED	97000	National School Lunch Program (Child Nutrition Cluster)	10.555		58,911
PED Total					58,911
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
DOT		National Priority Safety Programs (Highway Safety Cluster)	20.616		71,310
DOT Total					71,310
<u>ENVIRONMENTAL PROTECTION AGENCY</u>					
EPA		TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707		49,675
EPA Total					49,675
TOTAL EXPEDITURES CASH / NON-CASH FEDERAL AWARDS			\$ 3,762,376	\$ 151,618,101	

*Total expenditures for Medicaid Cluster \$ 16,961,809

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

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, 2019. The information in this schedule is presented in accordance with the requirements of 2 CFR, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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, changes in net position, or cash flows 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 the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Department has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 LOANS OUTSTANDING

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

NOTE 4 IN-KIND, NONCASH ASSISTANCE

Amounts reported under noncash 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.

**NEW MEXICO DEPARTMENT OF HEALTH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

NOTE 5 SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Department provided federal awards to local entities in the amount of \$3,762,376. The entities are listed below:

CFDA	Subrecipient Name	Identification No.	Amount
10.557	First Choice Community Healthcare Inc	PA#19FHBWIC0001	\$ 753,228
10.557	First Nations Community	PA#19FHBWIC0002	<u>217,504</u>
		Subtotal	<u>970,732</u>
93.317	The University of New Mexico	FY20UNM 030066	<u>965,421</u>
93.323	The University of New Mexico	FY20UNM 030066	<u>150,638</u>
93.817	Albuquerque Regional Coalition/Region II EMS	19-665-0300-21736, 37, 38, and 39	<u>18,741</u>
93.889	Albuquerque Regional Coalition/Region II EMS	19-665-0300-21740, 41, 42 and 43	519,459
93.889	The University of New Mexico	FY20UNM 030066	<u>143,519</u>
		Subtotal	<u>662,978</u>
93.917	Alianza New Mexico	PA#19IDBHIV0100	349,068
93.917	Southwest Care Center	PA#19IDBHIV0107	<u>644,798</u>
		Subtotal	<u>993,866</u>
		Total Subrecipient	<u>\$ 3,762,376</u>

NOTE 6 RECONCILIATION

Reconciliation of federal expenditures to federal revenue and assistance:

Per Financial Statements:	
Federal revenue	\$ 125,661,337
Federal vendor relationship contracts and other grants	<u>(5,089,355)</u>
Adjusted Federal Revenue	120,571,982
Revenue paid on services not expenditure - agreements allow for more revenue	(3,504,240)
Adjustments to the Federal Government for prior year activity	(85,821)
In-kind assistance (Immunization)	<u>34,636,180</u>
Per Schedule of Federal Awards	<u>\$ 151,618,101</u>



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

Ms. Kathy Kunkel, Cabinet Secretary
New Mexico Department of Health
and Mr. Brian Colón, New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue fund of New Mexico Department of Health, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise New Mexico Department of Health's basic financial statements, and have issued our report thereon dated November 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 New Mexico Department of Health's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be significant deficiencies.

Ms. Kathy Kunkel, Cabinet Secretary
New Mexico Department of Health
and Mr. Brian Colón, New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 2019-007, 2019-008, 2019-009, 2019-010, and 2019-011.

New Mexico Department of Health's Response to Findings

New Mexico Department of Health's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. New Mexico Department of Health's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 1, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Ms. Kathy Kunkel, Cabinet Secretary
New Mexico Department of Health
and Mr. Brian Colón, New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited New Mexico Department of Health's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Mexico Department of Health's major federal programs for the year ended June 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 New Mexico Department of Health's compliance.

Opinion on Each Major Federal Program

In our opinion, 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 major federal programs for the year ended June 30, 2019.

Ms. Kathy Kunkel, Cabinet Secretary
New Mexico Department of Health
and Mr. Brian Colón, New Mexico State Auditor

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-002, 2019-003, 2019-004, 2019-005, and 2019-006. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of 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 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 the Uniform Guidance, 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 New Mexico Department of Health's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-002, 2019-003, 2019-004, 2019-005, and 2019-006, that we consider to be significant deficiencies.

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

Ms. Kathy Kunkel, Cabinet Secretary
New Mexico Department of Health
and Mr. Brian Colón, New Mexico State Auditor

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 1, 2019

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
10.578	WIC Grants to State
93.069	Public Health Emergency Preparedness
93.136	Injury Prevention and Control Research and State
93.268	Immunization Cooperative Agreements
93.323	Epidemiology & Laboratory Cap to Infectious Diseases
93.917	HIV Care Formula Grants (Ryan White HIV/ AIDS Program Part B)
93.994	Maternal and Child Health Services Block Grant to the States

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section I – Summary of Auditors’ Results (Continued)

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

 x yes

 no

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section II – Financial Statement Findings

2019-001 Reconciliations and Financial Close and Reporting (Significant Deficiency)

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: During our audit, the following exceptions were noted related to the Department's reconciliation and financial close and reporting process:

- Accounts Receivable Aging Report (both Facilities and Non-Facilities) – The aging reports provided for our testing did not agree to the year-end balances on SHARE and required revisions as a result of our testing.
- During our internal control and accounts receivable testing, the subsidiary ledgers for three facilities/divisions did not agree to the accounts receivable balance in SHARE.
- One facility/division had unrecorded receivables and revenue during the year. The Department has recorded the receivables and revenue at year-end.
- Inventory – The Department lacks a year-end process to ensure communications take place with respective facilities/divisions in order to ensure all activity and balances of the inventory activity reported in the system are being reconciled to SHARE at year-end.

Context: This was identified as we tested accounts receivable and inventory subsidiary ledgers and schedules.

Criteria: NMAC 2.20.5.8 requires agencies to ensure that all reporting of financial information be timely, complete, and accurate. NMSA 1978 §6-5-2 requires state agencies to comply with the model accounting practices established by the Financial Control Division, and the administrative head of each agency to ensure that the model accounting practices are followed. State agencies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Cause: Management oversight; lack of effective internal controls surrounding the reconciliation and financial close and reporting process.

Effect: Possible misstatements of the financial statements – the Department adjusted the final balances at year-end and there are no misstatements of the financial statements at this time.

Recommendation: The Department should evaluate its financial reporting processes and controls to determine whether additional controls over the preparation of the annual trial balance can be implemented to provide reasonable assurance that financial statements are prepared timely, completely, and accurately.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section II – Financial Statement Findings (Continued)

2019-001 Reconciliations and Financial Close and Reporting (Continued)

Views of responsible officials and planned corrective actions: The Administrative Services Division will strengthen internal processes of reviewing the reconciliations of subsidiary ledgers to SHARE and assure the identification, research, and corrections to variances are completed timely/accurately. Unrecorded receivables will be recorded timely and all subsidiary ledgers to SHARE will be reconciled. Prior to year-end, communications via meetings will be held with each facility/division finance director to ensure that all inventory activity balances are reconciled to SHARE. The Finance Directors at each facility/division, ASD Facility Fiscal Officer, and the Chief Financial Officer are responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs

2019–002 (Previously 2018-002) Allowability – Internal Control over Payroll (Significant Deficiency and Noncompliance) (Continued)

Federal Program Title: CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
CFDA 93.069 – Public Health Emergency Preparedness
CFDA 93.136 – Injury Prevention and Control Research and State
CFDA 93.323 – Epidemiology & Laboratory Cap to Infectious Diseases
CFDA 93.994 – Maternal and Child Health Services Block Grant to the States

Federal Agency: U.S. Department of Agriculture (CFDA 10.557)
U.S. Department of Health and Human Services (CFDAs 93.069, 93.136, 93.323, 93.994)

Award Period: 6NM700504 (2019) (10/1/2018-9/30/2019) (10.557)
NU907P921929-01 (7/1/2017-6/30/2019) (93.069)
NU17CE002612-04 (9/1/2017-8/31/2018) (93.136)
NU50CK000413-04 (8/1/2017-7/31/2018) (93.323)
NU50CK000413-04 (8/1/2017-7/31/2018) (93.323)
NU50CK000413-05 (8/1/2018-7/31/2019) (93.323)
B04MC30629-01 (10/1/2016-9/30/2018) (93.994)

Type of finding:

- Significant Deficiency in Internal Control over Compliance and Other Matter

Questioned Costs: \$5,037.56

Condition: During single audit testwork over allowable costs related to time and effort reporting, the following issues were noted which are detailed by CFDA number:

CFDA 10.557

- 1 out of 40 participants did not perform a timestudy during the year.
- 1 out of the 40 timesheets reviewed did not agree to the charges entered into SHARE. For this transaction totaling approximately \$136.57, it was not properly allocated to the NMDOH General Fund on SHARE. No adjusting journal entries were provided to us.
- 2 out of 40 timesheets reviewed did not agree to the proper 2019 Time Study percentage allocations. For these transactions totaling \$116.99, the amounts were not charged the correct percentage on SHARE. No adjusting journal entries were provided to us.

CFDA 93.069

- 1 out of 40 Timesheets/Semi-Annual Certifications was not completed.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019–002 (Previously 2018-002) Allowability – Internal Control over Payroll (Significant Deficiency and Noncompliance) (Continued)

Condition (Continued):

CFDA 93.136

- 1 out of 40 timesheets reviewed did not agree to the charges entered into SHARE. For these transactions totaling approximately \$1,772, the amounts were not charged the correct percentage on SHARE. No adjusting journal entries were provided to us.

CFDA 93.323

- 1 out of 40 Timesheets/Semi-Annual Certifications was not completed
- 1 out of the 40 timesheets reviewed did not agree to the charges entered into SHARE. The transaction totaling an approximate of \$1,569, the amounts were charged to a grant after the grant end dates. Adjusting journal entries were provided to us but the amounts were charged to another expired grant.
- 2 out of 40 timesheets reviewed did not agree to the charges entered into SHARE. The transactions totaling an approximate of \$1,443, the amounts were charged to SHARE under the incorrect Project ID's per the approved employee Timesheet. No adjusting journal entries were provided to us.

CFDA 93.994

- 1 out of 40 payroll transactions tested did not have time and effort log signed by the employee and supervisor before the beginning of October.

Management's Progress for Repeat Findings: This is a repeated and modified finding. While the Department has improved its efforts, there are still opportunities for improvement to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements as well as compliance with Department policy.

Criteria: Per §200.430 Compensation-Personal Services, charges to Federal awards for salaries and wages must be based on records that comply with the established accounting policies and procedures of the non-Federal entity; be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; and reasonably reflect the total activity for which the employee is compensated by the non-Federal entity. Per WIC Policy, each Federal Fiscal Year, during a month chosen by the WIC State Office, all WIC staff will complete the WIC Time Study. (CFDA 10.557). Per ERD Policy, Staff paid 100% from one federal award, a Semi-Annual Actual Worked Hours Certification needs to be completed semi-annually. For staff paid from a combination of more than one federal award, or from a federal award and State Funds, an Employee Activity Report needs to be completed every pay period. (93.069, 93.136, and 93.323) Per MCH policy, Federally-funded Title V employees who work 100% on Title V activities are required to submit a bi-annual "Federal Funding Compliance Time and Effort Log" at the beginning of April every year and at the beginning of October every year for the previous six-month period. (CFDA 994).

Context: See "Condition".

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019–002 (Previously 2018-002) Allowability – Internal Control over Payroll (Significant Deficiency and Noncompliance) (Continued)

Cause: While the Department has improved its efforts, there are still opportunities for improvements to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements, as well as compliance with Department policy.

Effect: Noncompliance with applicable regulations and Department policy, possible undercharges and overcharges to the Federal grants.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2018-002.

Recommendation: We recommend that the Department continue to assist the Programs by providing training to employees, including supervisory-level employees, to ensure compliance with Department or Program policy and federal regulations.

Views of responsible officials and planned corrective actions:

CFDA 10.557

A time study will be conducted and if it's determined that the employee's time is 100%, a certification will be signed.

The employee indicated on a time study in February 2017 (which is the time study used to allocate federal fiscal year 2018 salaries) that she worked approximately 10% of her time on non-WIC activities. Correct accounting procedures would have been to create a journal entry to move 10% of her salary from federal funds to state general fund. This was overlooked by the WIC Finance Manager and was not done for federal fiscal year 2018. At the time of discovery of this error through the audit, the FY18 grant was closed and there was no way to move those expenditures out of the federal grant and to general fund. On the same time study used for FFY18 allocations, none of the five regional program managers indicated work outside of WIC activities. Ten percent of their salaries was charged to the state general fund. Therefore, the WIC Finance Manager is confident that there was no overall over-reporting of federal fund expenditures for federal fiscal year 2018 and is willing and able to defend that to federal auditors. All FFY19 expenditures for this employee were corrected with a journal entry for the percentage of non-WIC time indicated on the February 2018 time study.

The Task Profile Identification (TPID) for regional program managers submitted to Human Resources was entered incorrectly, which allocated more than what the time study indicated to DOHWICADMIN1907 (Client Services) and less to DOHWICADMIN1908 (Nutrition Education). All project IDs are set up and used solely to report to FNS on the final 798 form the amounts expended on nutrition education and breastfeeding activities. There is a federal requirement that 1/6 of our expenditures are on nutrition education, and a separate requirement (which varies from year to year) for breastfeeding activities. The result of the incorrect TPID is that NM WIC would under-report the expenditures on nutrition education on the final FFY19 798, which isn't yet due. A journal entry was created and submitted on July 17, and a copy provided to CLA via e-mail on July 23, 2019. Another copy is attached.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019–002 (Previously 2018-002) Allowability – Internal Control over Payroll (Significant Deficiency and Noncompliance) (Continued)

Views of responsible officials and planned corrective actions (Continued):

CFDA 10.557 (Continued)

All employees who do not work 100% of their time on WIC activities must submit a timesheet to WIC Finance for each payroll. Payroll corrections are done accordingly for each payroll, within a week of receiving the report from PHD Budget.

Journal Entries are to be submitted timely and accurately. The TPID allocations are now provided to the WIC state office with each payroll and are checked each time against correct allocations. Any corrections that need to be done on the TPID or on an employee's allocations are immediately submitted and corrected by PHD Budget. The PHD Program Manager, PHD Finance Director, PHD Deputy Director(s), and PHD Division Director will be responsible for this corrective action.

CFDA 93.069

The Bureau of Health Emergency Management (BHEM) experienced employee turnover and grant files where not always maintained. BHEM has since filled vacant positions. BHEM's Finance Director has been instructed to monitor federal timesheets on a bi-weekly basis utilizing a timesheet tracking report to ensure federal timesheets and semi-annual certifications are on file. The timesheet tracking report will be maintained on site (BHEM) and readily available for audit purposes. Also, BHEM's Finance Director was provided a copy of the Epidemiology and Response Division's (ERD) policy number ERD-4, titled "Federal Actual Worked, Reporting and Payroll Reconciliations (Time and Effort), to ensure only allowable personal service costs are charged to a federal grant. Although monitoring the level of effort requirements did not occur timely, BHEM did meet their level of effort compliance requirements for the fiscal year. ERD instituted a grants management tracking system in October 2019 which enables senior managers, as well as finance and grant managers the ability to monitor grant activity by project ID regularly. The ERD Program Manager, ERD Finance Director, ERD Deputy Director, and ERD Division Director will be responsible for this corrective action.

CFDA 93.136

The Injury and Behavioral Epidemiology Bureau's (IBEB) Finance Manager has initiated a process that will help staff know what the correct project identifications are for their program, and to select it when completing their timesheets. IBEB's Finance Manager has also created a timesheet tracking method to ensure timesheets are collected and accurate. ERD-Program Support has initiated a process to send task profiles for salaries on a bi-weekly basis which helps the financial managers stay on track with expiring project IDs/grants. ERD also instituted a grants management tracking system in October 2019 which gives senior managers, as well as finance and grant managers, the ability to monitor grant activity by project ID on a regular basis. The ERD Program Manager, ERD Finance Director, ERD Deputy Director, and ERD Division Director will be responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019–002 (Previously 2018-002) Allowability – Internal Control over Payroll (Significant Deficiency and Noncompliance) (Continued)

Views of responsible officials and planned corrective actions (Continued):

CFDA 93.323

The missing timesheet was for an employee of the Border Health Infectious Disease (BID) Surveillance Program (BID's) located in Las Cruces, New Mexico. This BID's program experienced employee turnover during the fiscal year and grant files were not always maintained. ERD has since hired a new program manager who is submitting bi-weekly timesheets to the Infectious Disease Epidemiology Bureau (IDEB) Finance Manager. IDEB's Finance Manager is monitoring federal timesheets on a bi-weekly basis utilizing a timesheet tracking report to ensure federal timesheets and semi-annual certifications are on file. The timesheet tracking report will be maintained on site (IDEB) and readily available for audit purposes.

The Scientific Lab Division (SLD) had a change in fiscal staff and they were unaware that a payroll correction journal entry was required to align the payment to the allocations reported on the federal timesheet. Although federal timesheets are required to be submitted to the IDEB Finance Manager, it is the responsibility of SLD fiscal staff to prepare journal entries for payroll corrections.

SLD acknowledged that the project ID was expired, but was under the impression that the expiration date was extended as the requisition was not flagged by a budget error in the SHARE system. SLD attempted to reverse the charges to align with the budget but were unable to as the grant and fiscal year had been closed. In the future, SLD fiscal staff will be cognizant of expiration dates of grant funding and will only process expenditures during the allowable budget periods of the grant. The ERD Program Manager, ERD Finance Director, ERD Deputy Director, ERD Division Director, and SLD Finance Director will be responsible for this corrective action.

CFDA 93.994

Staff will be re-trained on the need to sign Time and Effort forms within a month of the end of the biannual reporting period. FHB administration has instituted a better tracking mechanism to ensure back-up documentation is retained as to where all budget numbers are being drawn from. The PHD Program Manager, PHD Finance Director, PHD Deputy Director(s), and PHD Division Director will be responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019-003 (Previously 2018-003) Eligibility (Significant Deficiency and Noncompliance)

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

Federal Agency: U.S. Department of Agriculture (CFDA 10.557)

Award Period: 6NM700504 (2019) (10/1/2018-9/30/2019)
6NM700504 (2018) (10/1/2017-9/30/2018)

Type of finding:

- Significant Deficiency in Internal Control over Compliance and Other Matter

Questioned Costs: Unknown

Condition: During single audit testwork over eligibility, the following issues were noted:

CFDA 10.557

- 3 out of 40 participant files selected did not include adequate descriptions of the documentation reviewed by the WIC program staff pertaining to the residency verification.
- 2 out of 40 participant files selected did not have the appropriate amount of benefits loaded onto their benefit card at the respective start of their benefits period.
- 1 out of 40 participant files tested did not have a consistent method for documenting the identity determinations of the respective participant.

Management's Progress for Repeat Findings: This is a repeated and modified finding. While the Department has improved its efforts, there are still opportunities for improvements to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements as well as compliance with Department policy.

Criteria: Per §200.303 Internal Controls, non-Federal entities receiving a Federal Award must establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. 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.

Context: See "Condition".

Effect: Noncompliance with applicable regulations and policies, possible noneligibility of participants receiving benefits and improper issuance of benefits.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2018-003.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019-003 (Previously 2018-003) Eligibility (Significant Deficiency and Noncompliance)

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

Auditors' Recommendation: We recommend the Department continues to implement and train its employees on effective internal controls and monitors the process to reasonably ensure compliance with regulations and policies.

Views of responsible officials and planned corrective actions: With the implementation of NMSOL, 'Other' is available as a proof type. Staff have been notified via a Weekly Training Bulletin on 8/9/19, if 'Other' is used as an option, documentation must be present in notes as to why and what was brought in to verify 'Other' is acceptable.

Initially, staff had to manually change a full package to a half package. This was staff error. However, with our new NMSOL system, all packages are prorated automatically depending on the day benefits are issued. No further follow up is needed. In 1 of the 40 files reviewed, staff had entered a wrong delivery date for a postpartum woman, which caused her to get an extra month food package. This was staff error. A call ticket has been entered to see if there is a possibility of cross referencing date of birth with delivery dates entered in the mom's file. Will follow up with developers when call ticket goes through all the channels of discussion.

Staff are now required to enter proof of identification to complete the certification process. The one file noted was from our old MIS system, in which staff had to manually enter that information in notes. The PHD Program Manager, PHD Finance Director, PHD Deputy Director(s), and PHD Division Director will be responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019-004 Level of Effort (Significant Deficiency and Noncompliance)

Federal Program Title: CFDA 93.069 – Public Health Emergency Preparedness

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

Award Period: NU907P921929-01 (7/1/2017-6/30/2019)

Type of finding:

- Significant Deficiency in Internal Control over Compliance and Other Matter

Questioned Costs: Unknown

Condition: 1 out of 1 Level of Effort does not have an adequate monitoring process to ensure the Program is meeting the MOE requirements.

Criteria: Per the Grant Agreements, the Program shall maintain expenditures for public health security at a level that is not less than the average level of such expenditures maintained by the Program for the preceding 2 year period.

Context: See “Condition”.

Cause: Lack of effective internal controls to monitor and ensure the Program met the level of effort requirement.

Effect: Compliance with level of effort requirements was not monitored during the year.

Recommendation: We recommend the Program implements effective internal controls and monitors the process to reasonably ensure compliance with regulations and policies.

Views of responsible officials and planned corrective actions: The Bureau of Health Emergency Management (BHEM) experienced employee turnover and grant files were not always maintained. BHEM has since filled vacant positions. BHEM's Finance Director has been instructed to monitor federal timesheets on a bi-weekly basis utilizing a timesheet tracking report to ensure federal timesheets and semi-annual certifications are on file. The timesheet tracking report will be maintained on site (BHEM) and readily available for audit purposes. Also, BHEM's Finance Director was provided a copy of the Epidemiology and Response Division's (ERD) policy number ERD-4, titled “Federal Actual Worked, Reporting and Payroll Reconciliations (Time and Effort)”, to ensure only allowable personal service costs are charged to a federal grant. Although monitoring the level of effort requirements did not occur timely, BHEM did meet their level of effort compliance requirements for the fiscal year. ERD instituted a grants management tracking system in October 2019 which gives senior managers, as well as finance and grant managers, the ability to monitor grant activity by project ID regularly. The ERD Program Manager, ERD Finance Director, ERD Deputy Director, and ERD Division Director will be responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019-005 Period of Performance (Significant Deficiency and Noncompliance)

Federal Program Title: CFDA 93.136 – Injury Prevention and Control Research and State
CFDA 93.917 – HIV Care Formula Grants (Ryan White HIV/ AIDS Program Part
B)
CFDA 93.323 – Epidemiology & Laboratory Cap for Infectious Diseases

Federal Agency: U.S. Department of Health and Human Services (CFDA 93.136, 93.323, and 93.917)

Award Period: NU17CE002727-03 (9/1/2017-8/31/2018) (93.136)
NU17CE924875-02 (9/1/2017-8/31-2018) (93.136)
NU50CK000413-04 (8/1/2017-7/31/2018) (93.323)
X07HA00084-28-01 (4/1/2018-3/31/2019) (93.917)
X07HA00084-29-01 (4/1/2019-3/31/2020) (93.917)

Type of finding:

- Significant Deficiency in Internal Control over Compliance and Other Matter

Questioned Costs: \$32,981.82

Condition: During single audit period of performance testwork, the following exceptions were noted, which are detailed by CFDA number:

CFDA 93.136

- 5 out of 19 general disbursement transactions tested charged costs in the amount of \$23,371.91 to the grant after the period of performance end date. Cost was incurred September 2018 and November 2018 and charged to the grant with a period of performance end date of 8/31/2018.

CFDA 93.323

- 1 out of 11 disbursement transactions tested charged costs in the amount of \$44.52 to the grant after the period of performance end date. Expenses incurred in October 2018 were charged to the grant with a period of performance end date 7/31/2018.

CFDA 93.917

- 1 out of 7 disbursement transactions tested charged costs in the amount of \$9,565.39 to the grant after the period of performance end date. Payroll expenses incurred from 4/1/2019 to 4/5/2019 were charged to the grant with a period of performance end date of 03/31/2019.

Criteria: Per §200.309 Period of Performance, a non-federal entity may charge to the Federal Award only allowable costs incurred during the period of performance.

Context: See “Condition”.

Cause: Management oversight.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019-005 Period of Performance (Significant Deficiency and Noncompliance) (Continued)

Effect: Noncompliance with federal regulations.

Recommendation: We recommend the Department implements procedures to ensure compliance with federal period of performance regulations.

Views of responsible officials and planned corrective actions:

CFDA 93.136

The IBEB Finance Manager will review the payroll spreadsheet that is sent out bi-weekly more closely to ensure payroll has not hit expired project ID's/grants. ERD also instituted a grants management tracking system in October 2019 which gives senior managers, as well as finance and grant managers, the ability to monitor grant activity by project ID on a regular basis. The ERD Program Manager, ERD Finance Director, ERD Deputy Director, and ERD Division Director will be responsible for this corrective action.

CFDA 93.323

IDEB rounded percentages to the nearest whole percent to calculate adjustments, resulting in the incorrect amount charged in comparison to the federal timesheet. This adjustment resulted in a difference of \$11.49. The process of rounding to the nearest whole percent has not been approved nor disapproved by federal funding agency, the Center for Disease Control (CDC). The ERD Program Manager, ERD Finance Director, ERD Deputy Director, ERD Division Director, and SLD Finance Director will be responsible for this corrective action.

CFDA 93.917

The Health Resources and Services Administration (HRSA) normally awards funds for a new grant budget period in advance of its start. This allows the program to complete a Grants Management Plan (GMP) to load funds and then make corrections, including ensuring all payments are within the grant period, and updating the Task Profile ID (TPID) for all grant-funded staff.

For the new FFY19, the Notice of Award (NOA) for the period starting April 1, 2019 was received on April 11th. This caused a number of issues, including having funds loaded late and having TPID fixes after the fact. In this confusion, the program forgot to make payroll corrections via an Administrative Journal Entry (AJE).

To ensure this oversight is not repeated, even if an NOA is received late, the HIV, STD and Hepatitis Section has created a "Grants Management Checklist and Procedure" to be used when a new budget period is awarded for any grant. The ERD Program Manager, ERD Finance Director, ERD Deputy Director, ERD Division Director, and SLD Finance Director will be responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2019-006 Reporting (Significant Deficiency and Noncompliance)

Federal Program Title: CFDA 93.994 – Maternal and Child Health Services Block Grant to the States

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

Award Period: B04MC30629-01 (10/1/2016-9/30/2018)

Type of finding:

- Significant Deficiency in Internal Control over Compliance and Other Matter

Questioned Costs: \$-0-

Condition: During single audit reporting testwork, we noted 1 out of 1 special report did not have the supporting documentation Form 2 (MCH Budget/Expenditures Details FY17 Annual Report Expended) & Form 3a (Budget and Expenditure Details by Types of Individuals Served) by Title V to show the computations at the time the report was prepared.

Criteria: Per §200.302 Financial Management, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal Award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions. Further, the financial management system of each non-federal entity must provide accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements.

Context: Identified during sample testing of special reports.

Effect: The Department is in violation of federal regulations.

Cause: The Program did not retain the documentation used at the time to prepare the report and the documentation was unable to be regenerated.

Auditors' Recommendation: The Department should implement procedures to ensure records maintained by the Program support the results reported to the Federal entity.

Views of responsible officials and planned corrective actions: Staff will be re-trained on the need to sign Time and Effort forms within a month of the end of the biannual reporting period. FHB administration has instituted a better tracking mechanism to ensure back-up documentation is retained as to where all budget numbers are being drawn from. The PHD Program Manager, PHD Finance Director, PHD Deputy Director(s), and PHD Division Director will be responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section IV – Other

2019-007 Cash Receipts Not Recorded or Deposited in a Timely Manner (Compliance and Other Matters)

Type of finding:

- Other Matters

Condition: During our testwork over cash receipts, we noted 1 out of 22 receipts in the amount of \$28 was not deposited before the close of the next succeeding business day after the receipt of the money.

Criteria: According to the Manual of Model Accounting Practices (MAPs) Section FIN 2.1, all cash received by agencies must be recorded timely and accurately in accordance with state statute. NMSA 6-10-3 states that state agencies receiving any money in cash or by check deliver or remit to the state treasurer such receipts before the close of the next succeeding business day after the receipt of the money.

Context: See “Condition”.

Cause: Management oversight, lack of effective processes surrounding the receipting process to ensure timely deposits

Effect: Non-compliance with applicable laws and regulations.

Recommendation: We recommend that management establish effective processes to ensure that all cash received is recorded at the time of receipt and deposited by the end of the next business day.

Views of responsible officials and planned corrective actions: The deposit in question was during a time of staff shortages and lack of training at the facility level. Facility administration has reminded staff that all deposits need to be made within 24 hours of receipt as per NMSA 1978, Section 6-10-51 and DOH Policy FISC.05.08 Receipting, Depositing and Recording of Revenue. The Financial Accounting Bureau Cash Office will continue to assure all deposits received from all facilities/divisions are received by 5 p.m. daily. Procedures have been implemented to include a courtesy call and or email to the missing department reminding them of said deadline. The Finance Directors at each facility/division, ASD Facility Fiscal Officer, and the Chief Financial Officer are responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section IV – Other (Continued)

2019-008 Travel and Per Diem (Compliance and Other Matters)

Type of finding:

- Other Matters

Condition: During our testing of travel and per diem disbursements, we noted 4 out of 22 travel reimbursements did not contain the signature acknowledging employee travel exceeding the \$1,500 threshold.

Criteria: The Department should have policies and procedures to ensure travel and per diem disbursements are made in compliance with Section 10-8-4 NMSA. In addition, section 10-8-5 NMSA states that any person who is not an employee, appointee, or elected official of a county or municipality and who is reimbursed under the provisions of the Per Diem and Mileage Act in an amount that singly or in the aggregate exceeds one thousand five hundred dollars (\$1,500) in any one year shall not be entitled to further reimbursement under the provisions of that act until the person furnishes in writing to his department head or, in the case of a department head or board or commission member, to the governor or, in the case of a member of the legislature, to the New Mexico legislative council an itemized statement on each separate instance of travel covered within the reimbursement, the place to which traveled, and the executive, judicial, or legislative purpose served by the travel.

Context: See “Condition”.

Cause: Management oversight.

Effect: Non-compliance with applicable statutes.

Recommendation: We recommend management establish procedures to ensure compliance.

Views of responsible officials and planned corrective actions: An employee travel tracking process has been implemented to include a sole data entry single point of contact with others trained in the procedure. The Chief Procurement Officer, Accounts Payable Supervisor, and the Chief Financial Officer are responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section IV – Other (Continued)

**2019-009 Internal Control over Cash, IT Inventory less than \$5,000, and Capital Assets
(Compliance and Other Matters)**

Type of finding:

- Other Matters

Condition: During our audit, the following exceptions were noted related to the Department's internal control process:

- Cash - During our internal control testing on year-end bank reconciliations on cash held outside SGFIP, we noted multiple facilities with outstanding checks that were dated between 2005 – 2017.
- IT Accessories Under \$5,000 - The Department lacks a process to adequately monitor the IT accessories under \$5,000. The Department was unable to provide us with a listing of employees who were assigned with IT accessories (e.g. cell phone, laptop, tablet, etc.) during the year.
- Capital Assets – During our capital assets physical observations, 6 out of 6 samples could not be located physically. All the sampled capital assets have zero net book value and are potentially being disposed of or moved to another location. However, we were unable to verify the assets locations based on the capital assets listing.
- Capital Asset Inventory Certification – The Department did not complete an annual capital asset inventory certification for certain divisions – 9 out of 36 assets selected did not have a physical inventory certification completed during the fiscal year.

Criteria: Cash - According to Unclaimed Property Act 7-8A-7, a holder of property presumed abandoned shall make a report to the administrator concerning the property and the report must be filed before November 1 of each year and cover the twelve months next preceding July 1 of that year, but a report with respect to a life insurance company must be filed before May 1 of each year for the calendar year next preceding.

IT Accessories Under \$5,000 – In accordance with MAPS FIN 10.5.D.5, Departments should establish procedures to document additions, issuances, returns, and write-offs of inventory items.

Capital Assets – In accordance with MAP FIN 6.4, Recording and Reporting Capital Assets, State agencies shall record and report state owned capital assets in accordance with state law, state rule, and Generally Accepted Accounting Principles. In accordance with FIN 6.5 Disposing of Capital Assets, State assets should be disposed of in a manner consistent with state (and federal, if applicable) laws, rules, and regulations. In accordance with MAP 6.6, Annual Physical Inventory of Capital Assets, capital assets should be physically inventoried and verified at least annually.

Capital Asset Inventory Certification – In accordance with the NM Audit Rule, 2.2.10 W(2), agencies shall conduct an annual physical inventory of chattels and equipment on the inventory list at the end of each fiscal year in accordance with the requirements of Section 12-6-10 NMSA 1978. The agency shall certify the correctness of the inventory after the physical inventory. This certification shall be provided to the agency's auditors. The IPA shall audit the inventory listing for correctness and compliance with the requirements of the Audit Act.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section IV – Other (Continued)

2019-009 Internal Control over Cash, IT Inventory less than \$5,000, and Capital Assets (Compliance and Other Matters) (Continued)

Context: See “Condition”.

Cause: Cash - Noncompliance with NMSA.

IT accessories under \$5,000 - Management oversight and lack of internal policy and procedures to maintain a listing of employees who received IT accessories under \$5,000 for tracking purpose.

Capital Assets – Ineffective processes over tracking assets.

Capital Asset Inventory Certification – Management oversight

Effect: Non-compliance with applicable statutes, NM Audit Rule, MAP, and potentially of misappropriation of assets.

Recommendation: We recommend management establish procedures to ensure compliance for outstanding checks. Also, we recommend management establish procedures to ensure tracking and monitoring the employees assigned for the IT accessories, locations, and completeness of the listing for IT accessories under \$5,000 and Capital Assets. The Department should implement procedures to ensure all certificates are being completed.

Views of responsible officials and planned corrective actions: The Department has prepared a policy based on the Unclaimed Property Act 7-8A-7 and each facility/division is researching the outstanding checks dated between 2005 and 2017. The Finance Directors at each facility/division, ASD Facility Fiscal Officer and the Chief Financial Officer are responsible for this corrective action.

The Department acknowledges that a policy is needed to track cell phones, laptops, and tablets valued under \$5,000. The Department is in the process of creating a committee to determine the best course of action to track these items. The committee will include staff from the ITSD. The policy will be established prior to June 30, 2020. The Deputy Director(s) and Division Director will be responsible for this corrective action.

The Department acknowledges that certifications of inventory need stronger internal controls. The Administrative Services Division will administer and standardize current capital asset procedures and policies for all facilities/divisions to better track and ensure proper certifications are taking place in line with expectations and in accordance with NM Audit Rule 2.2.10 W(2). Whereas, an effective enforcement of administrative procedure will be standardized for all facilities/divisions to adopt, that will be enforced and maintained by the Capital Assets Program Manager for inventories deemed a capital asset. Non-capital assets will be maintained by the specified facilities/divisions where the assets are housed. All facilities/divisions will be required to maintain and track their own capital assets, apart from IT equipment, which will be maintained by ITSD and follow the standardized procedures and policies set forth. All capital asset certifications shall be conducted by the responsible division and submitted for review and compliance to the Capital Assets Program Manager upon certification completion at end of each fiscal year. The Capital Assets Program Manager, ASD Deputy Director, and the Chief Financial Officer are responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section IV – Other (Continued)

2019-010 Subrecipient (Matter That Does Not Rise to the Level of a Significant Deficiency)

Type of finding:

- Other Matters

Condition: During our testing of agreements to assess if they were related to subrecipients or contractors, we identified 3 agreements in which the vendor activity meets the definition of a contractor. However, the agreement drafted by the Department includes requirements to be performed of a sub-recipient, yet the Department (Programmatic Staff) is not monitoring these requirements outlined in the contract. Terms of any contract should be monitored and followed, regardless if the vendor is a subrecipient or contractor.

Criteria: 2 CFR 200.330 Subrecipient and contractor determination.

Context: We tested 3 samples by reviewing contracts that are active in current year.

Effect: The Department is not following the requirements drafted and outlined in the agreement with these contractors, even though they are not subrecipients.

Cause: Lack of appropriate language and treatment of entities that the Department believes to be contractors rather than subrecipients.

Auditors' Recommendation: We recommend the Department modify their current agreements to ensure the appropriate language is included. Additionally, the Department needs to ensure programs are monitoring subrecipients or contractors according to the terms of the contract appropriately.

Views of responsible officials and planned corrective actions: The HIV Service Program will work with the Administrative Services Division (ASD), Office of the Secretary (OTS), and the Public Health Division (PHD) leadership to revise the boilerplate for Provider Agreements (PA) that use federal funds. For the two HIV Service Provider (HSP) agencies deemed to be sub-recipients, the language including Appendix A will be retained as is to allow continuation of sub-recipient monitoring per federal standards. For contract partners that are Contractors rather than Sub-Recipients, due to the less complex scope of work and lack of authority to perform certain tasks independently, the program will propose removing irrelevant language in both the boilerplate and Appendix A so that contract oversight and monitoring is more appropriate to the nonsub-recipient status of these agreements. This will also ensure their awareness of the status as "contractor" vs. sub-recipient. The HIV Program Manager, PHD Deputy Director(s), and PHD Division Director will be responsible for this corrective action.

**NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section IV – Other (Continued)

2019-011 Unauthorized User Access (Compliance and Other Matters)

Type of finding:

- Other Matters

Condition: The Department could not provide support of specific access removal for the sample of 25 terminated employees. The sample user access forms do not document the specific access the terminated users had while employed and therefore was required to be removed at termination. Lack of documentation could result in incomplete removal of all user access. Recommend DOH expand the current user access sheet or develop a termination-specific user access sheet to show existing employee access and the removal of all access at termination.

Criteria: In accordance with ISACA's Control Objectives for Information and related Technology (COBIT) 5.0 framework (DSS05 Manage Security Services) provides the need to maintain the level of information security acceptable to the organization in accordance with the security policy. This process includes establishing and maintaining security measures and related management procedures to protect information like approval for access is documented.

Context: Identified during sample testing of terminated users during the year.

Cause: The Department did not document specific logical (network and application) access each user had during their employment that needed to be removed at termination.

Effect: Without appropriate documentation of the specific logical access the employee had that was required to be disabled or deleted, unauthorized access may result from remaining active network or application accounts.

Recommendation: The Department should require that all documentation for user termination include the employee's specific logical access to be removed. Consider expanding the current user access form or develop a termination-specific form to show current logical access and that that access has been removed. Retain all documentation to show an audit trail of the specific access being removed.

Views of responsible officials and planned corrective actions: The Service Desk utilizes a ticketing software to accept request forms, track, and audit requests for employee access. These include employee Onboarding, Offboarding, and Change requests. Employee terminations require a completed form be submitted to the Service Desk via <http://ithelp>, and are processed the same day. Division Supervisors are trained during new Employee Orientation on how to onboard and offboard employees using these forms. The Service Desk staff is trained and granted administrative rights to remove access to all networks, systems, applications, security groups, and computers listed on the forms. Actions are tracked and documented in each ticket. As an additional security process, the Service Desk performs regular employee access audits, and generates a report on user accounts that have not logged-on to the internal Active Directory in 30 days. For those, all access to resources are removed and the user account is disabled. The ITSD Deputy Director(s) and Division Director will be responsible for this corrective action.

**STATE OF NEW MEXICO DEPARTMENT OF HEALTH
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2019**

2018-002 Allowability – Internal Control over Cash Disbursements and Payroll	Revised/Repeated (2019-002)
2018-003 (Previously 2017-004) Eligibility	Revised/Repeated (2019-003)
2018-004 Special Provisions	Resolved
2018-001 Petty Cash	Resolved
2018-005 (Previously 2017-009) Indigent Care	Resolved
2018-006 P-cards	Resolved
2018-007 Procurements	Resolved
2018-008 (Previously 2017-010) Information Technology	Resolved

**NEW MEXICO DEPARTMENT OF HEALTH
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2019**

An exit conference was held with the Department on November 1, 2019. The conference was held at the Department's offices in Santa Fe, New Mexico. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

NEW MEXICO DEPARTMENT OF HEALTH

Eric Chenier, DOH-Interim Deputy Secretary
Charles Jaramillo, DOH-Interim ASD Director/CFO
Eve T. Banner, CPA, DOH-Financial Accounting Bureau Chief
Roy McDonald, DOH-Chief Procurement Officer
Santana Griego, DOH-Accounting Operations Manager
Alexandra Williams, CPA, DOH-Financial Analyst

CLIFTONLARSONALLEN LLP

Laura Beltran-Schmitz, CPA, CFE, Engagement Director
Geneva Choi, Senior Associate

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