

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES  
DEPARTMENT**

**FINANCIAL STATEMENTS AND SCHEDULES**

**(With Independent Auditors' Reports Thereon)**

**FISCAL YEAR ENDED JUNE 30, 2008**



*Barraclough & Associates, P.C.*  
Certified Public Accountants & Consultants

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

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## INTRODUCTORY SECTION

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
OFFICIAL ROSTER  
JUNE 30, 2008**

<b>Name</b>	<b>Title</b>
Dorian Dodson	Secretary
Marisol Atkins	Deputy Cabinet Secretary
William Dunbar	Deputy Cabinet Secretary
Debra Pritchard	Director of Juvenile Justice Services
Marcella Ortega	Director of Administrative Services
Angela Adams	Director of Protective Services
David Martinez	Director of Family Services
Crawford Spooner	Chief Information Officer



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**Independent Auditors' Report**

**Principals**

John E. Barracough, Jr., C.P.A.  
Annette V. Hayden, C.P.A.  
Sandra M. Shell, C.P.A./A.B.V., C.V.A.  
Joseph A. Sisneros, C.P.A.

**Managers**

Douglas W. Fraser, C.P.A.  
Laura Parker, C.P.A.  
Rick W. Reynolds, C.P.A.  
Katherine M. Rowe, C.P.A.  
Tracy Ann Stoddart, C.P.A.\*  
Rhonda G. Williams, C.P.A.

Mr. Hector Balderas,  
New Mexico State Auditor  
and  
Dorian Dodson, Secretary,  
Children, Youth and Families Department

We have audited the accompanying financial statements of the governmental activities, the general fund, the general fund budget comparison, and the aggregate remaining fund information of the Children, Youth and Families Department (Department) as of and for the year ended June 30, 2008, which collectively comprise the Department's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Department's non major governmental funds, the budgetary comparison for the components of the general fund and non major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the basic financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2008, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of the Department as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non major governmental fund of the Department as of June 30, 2008, and the respective changes in financial position and respective budgetary comparisons for the components of the general fund and non major governmental funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2008 on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 4 through 11 are not a required part of the basic financial statements of the Department, but is supplementary information required accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund statements and budgetary comparisons of the Department. The accompanying Schedules listed in the Supplemental Section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the Department. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



December 10, 2008

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Unaudited)**

**For the Year Ended June 30, 2008**

The following *Management's Discussion and Analysis*, or MD&A, for the State of New Mexico, Children, Youth and Families Department (the Department) introduces the basic financial statements and provides an analytical overview of the Department's financial condition and results of operations as of and for the year ended June 30, 2008. Additionally, the MD&A provides a discussion of significant changes in the account categories presented in the entity-wide *Statement of Net Assets* and *Statement of Activities*. This summary should not be taken as a replacement for the basic financial statements.

The MD&A is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* issued in June 1999; GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, an amendment to GASB Statements No. 21 and No. 34 issued in June 2001; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* issued in June 2001.

## **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

Although the Department is one of several agencies within 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 three elements: (1) *Management's Discussion and Analysis*, (2) the *Basic Financial Statements*, and (3) *Other Supplementary Information*. The basic financial statements include two kinds of statements that present different views of the Department:

- The first two 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 Assets* includes all of the Department's assets, liabilities, and net assets. All revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or disbursed. The remaining statements are fund financial statements.
- *Governmental funds statements*, including the *Balance Sheet* and the *Statement of Revenues, Expenditures, and Change in Fund Balance*, focus on individual parts of the Department, reporting the Department's financial condition and results of operations in more detail than 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.
- *Statement of Revenues and Expenditures – Budget and Actual (Non-GAAP Budgetary Basis)* reports the original approved budget, final approved budget, and actual results presented on the budgetary basis of reporting for the general fund and all major funds. A separate column is presented to report any variances between the final budget and actual amounts.
- *Statement of Fiduciary Net Assets* provides information about the financial relationships in which the Department acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Unaudited)**

**For the Year Ended June 30, 2008**

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

**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:

	<u>Current Year - June 30, 2008</u>	<u>Prior Year - June 30, 2007</u>	<u>Increase or (Decrease)</u>	<u>Percentage Change</u>
<b>Assets</b>				
Current assets	\$62,801,109	\$65,618,501	(\$2,817,392)	-4.29%
Capital assets	\$1,252,260	\$912,758	\$339,502	37.20%
Total assets	\$64,053,369	\$66,531,259	(\$2,477,890)	-3.72%
<b>Liabilities</b>				
Current liabilities	\$46,695,637	\$46,703,994	(\$8,357)	-0.02%
Long-term liabilities	\$1,799,985	\$1,599,981	\$200,004	12.50%
Total liabilities	\$48,495,622	\$48,303,975	\$191,647	0.40%
<b>Net assets</b>				
Invested in capital assets	\$1,252,260	\$912,758	\$339,502	37.20%
Restricted	\$8,601,618	\$20,124,254	(\$11,522,636)	-57.26%
Unrestricted	(\$5,700,869)	(\$2,809,728)	(\$2,891,141)	102.90%
Total net assets	\$4,153,009	\$18,227,284	(\$14,074,275)	-77.22%
<b>Program revenues and expenses</b>				
Program revenues	\$185,277,870	\$188,769,604	(\$3,491,734)	-1.85%
Program expenses	\$389,253,648	\$355,630,341	\$33,623,307	9.45%
Net revenue (expense)	(\$203,975,778)	(\$166,860,737)	(\$37,115,041)	22.24%
<b>General revenues (expenses)</b>				
General Fund appropriations	\$195,851,400	\$171,017,100	\$24,834,300	14.52%
Other sources	\$7,340,986	\$5,538,590	\$1,802,396	32.54%
Other uses	(\$1,298,373)	(\$4,290,197)	\$2,991,824	-69.74%
Total general revenues (expenses)	\$201,894,013	\$172,265,493	\$29,628,520	17.20%
Reversion to State General Fund	(\$590,772)	(\$2,985,949)	\$2,395,177	-80.21%
Reversion to Capital Project Fund	\$0	\$0	\$0	
Change in net assets	(\$2,672,537)	\$2,418,807	(\$5,091,344)	-210.49%
Beginning net assets	\$18,227,284	\$15,808,477	\$2,418,807	15.30%
Ending net assets	\$15,554,747	\$18,227,284	(\$2,672,537)	-14.66%

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Unaudited)**

**For the Year Ended June 30, 2008**

Significant factors impacting the Department's financial position and results of operations during the year ended June 30, 2008 are as follows:

- *Current Assets* decreased by \$2,817,392 or 4.30 percent due to increased cash payments to vendors during the month on June 2008. Beginning with fiscal year 2005, the General Appropriation Act established the modified accrual basis of accounting for governmental funds as the budgetary basis of accounting. Because of this change in accounting policy, the Department encouraged vendors to submit invoices for goods and services for payment before June 30, 2008. Since payments were made before year end, cash outlay increased.
- *Capital Assets and Investment In Capital Assets* increased by \$339,502 or 37.20 percent due to the purchase of data processing equipment during the fiscal year.
- *Total Assets* decreased by \$2,477,890 or 3.73 percent. See discussions under *Current Assets* and *Capital Assets and Investment in Capital Assets* above.
- *Current Liabilities* decreased by \$8,357 or 0.02 percent due to a change in accounting policy which encouraged vendors to submit invoices for goods and services for payment before June 30, 2008, thereby reducing accounts payable; due to other state agencies; and due to other federal agencies.
- *Long-Term Liabilities* increased by \$200,004 or 12.50 percent. The increase represents the recording of compensated absences due after one year.
- *Total Liabilities* increased by \$191,647 or 0.40 percent. See discussion under *Current Liabilities* above.
- *Restricted Net Assets* decreased by \$11,522,636 or 57.26 percent due mainly to decreases in the restrictions of the Children's Trust Fund – Permanent and Subsequent years expenditures. Decreases are a result of less investment income.
- *Unrestricted Net Assets* deficit increased by \$2,891,141 or 102 percent since restricted assets for non-reverting Pre Kindergarten and Regional Juvenile Services activities increased in the current year and the increase in compensated absences liability for which the Department has no current year resources to pay.
- *Total Net Assets* decreased by \$2,672,537 or 14.66 percent. See discussion under *Current Assets* and *Current Liabilities* above.
- *Program Revenues* decreased by \$3,491,734 or 1.85 percent, which reflects decreased funding from Title XIX and some of the smaller federal grants.
- *Program Expenses* increased by \$33,623,307 or 9.45 percent due mainly to an increase in the Care and Support expenditures and contractual costs.
- *Deficiency of Program Revenues over Program Expenses* increased by \$37,115,041 or 22.24 percent. See discussion under *Program Revenues* and *Program Expenses* above.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Unaudited)**

**For the Year Ended June 30, 2008**

- *General Fund Appropriations* increased by \$24,834,300 or 14.52 percent over the prior year's appropriations. Some of the increases of the general fund were for implementation of Cambiar NM (Missouri) Model for juveniles (\$750,000), lease of additional vehicles (\$300,000), costs associated with the federal audit of the Title IV-E university stipend program (\$997,900), shortfalls and special needs in the Protective Services Program (\$1,994,000), Pre-Kindergarten (\$3,000,000), infrastructure to support early childhood mental health training institute (\$145,000), activities of the Children's Trust Fund (\$50,000), services to homeless children (\$100,000), technical assistance center to support minority contact blue ribbon panel (\$100,000), one year intensive residential program (\$100,000), increases for child care rates and income levels (\$4,500,000), juvenile justice advisory committee (\$1,000,000), global positioning system (\$300,000), replacement of federal funds (\$2,110,000), reduction of vacancy factor (\$3,299,000), foster care increases (\$1,425,900).
- *Other Sources (Transfers In)* increased by \$1,802,396 or 32.54 percent. The majority of the increase is due to the increased compensation package that was received in the current fiscal year. The department received a compensation package amount of \$4,380,000.
- *Other Uses (Transfers Out)* decreased by \$2,991,824 or 69.74 percent. The Department transferred the full Transformation Grant award to departments in fiscal year 2007. The amount transferred changed in fiscal year 2008 to 75% of the award. The remaining 25% was not transferred until full documentation to validate expenditures was received by the Department.
- *A Reversion to State General Fund* decreased by \$2,395,177 or 80.21 percent. Due to the implementation of SHARE in fiscal year 2007, agencies experienced many problems at the beginning of the fiscal year which resulted in a delay in spending activity for both the opening and closing of the fiscal year. The Department did not experience this problem in fiscal year 2008 and was able to manage spending in more efficient manner. In addition, the reversion amount in the prior year included \$600,000 more in unspent special appropriations.
- *Change in Net Assets* decreased by \$2,672,537 or 14.66 percent. See discussion under *Current Assets* above.

**FINANCIAL ANALYSIS AT THE FUND LEVEL**

The following analysis was derived from the fund financial statements and compares the current year fund balances to the prior year:

	Fund Balance			
	Current Year June 30, 2008	Prior Year June 30, 2007	Increase or (Decrease)	Percentage Change
General Fund – Reserved	\$ 10,554,590	\$ 12,013,839	\$ (1,459,249)	-12.15%
General Fund – Unreserved	-	-	-	0.00%
Capital Projects	-	-	-	0.00%
<b>Total</b>	<b>\$ 10,554,590</b>	<b>\$ 12,013,839</b>	<b>\$ (1,459,249)</b>	<b>77.40%</b>

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Unaudited)**

**For the Year Ended June 30, 2008**

In the prior year's financial statements, other governmental funds accounted for 8.6 percent of total assets and 0.01 percent of total liabilities compared with 15.5 percent total assets and 2.4 percent total liabilities in the current year. There was no significant increase in the general fund reserves.

**GENERAL BUDGETARY HIGHLIGHTS**

Original budgeted revenues and expenditures for Federal funds and Other Sources increased from \$165,104,500 to \$181,373,953 during the year ended June 30, 2008, primarily due to more federal funds being available as some of the Department's federally funded programs incurred greater costs during the fiscal year.

Two additional funds were created to account for Pre-Kindergarten (20080) and the Juvenile Justice Continuum (20090). General fund was appropriated to carry out the provisions of the Pre-Kindergarten and the Juvenile Services Acts.

There were no significant variances (i.e., excess expenditures over appropriations) to be reported for the fiscal year. The Department requested language in the Laws of 2008, Chapter 3, Section 9 that would allow it to budget other state funds in excess of the five percent limitation up to \$2,754,700 for the year ended June 30, 2008. This was to cover projected shortfalls in the Juvenile Justice Services program area.

**PERFORMANCE MEASURES**

The Department collects data to measure success in meeting performance measure targets to address the requirements for the Accountability in Government Act (AGA), Sections 6-3A-1 through 6-3A-8 NMSA 1978. Performance measures outlined in the General Appropriation's Act, Laws of 2007, Chapter 28, Section 4 for the year ended June 30, 2008 were:

<u>TYPE</u>	<u>MEASURE</u>	<u>TARGET</u>	<u>RESULT</u>
<b>Family Services:</b>			
Outcome	Percent of children receiving state subsidy in Stars/Aim High programs level two through five or with national accreditation.	30.0%	45.4%
Outcome	Percent of licensed childcare providers at Stars/Aim High programs levels two through five or with national accreditation.	32.0%	65.3%
Outcome	Percent of family providers participating in the child - and adult - care food program.	90.5%	94.8%

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Unaudited)**

**For the Year Ended June 30, 2008**

Outcome	Percent of adult victims receiving domestic violence services who show improved client competencies in social, living, coping and thinking skills.	65.0%	<b>Note#1</b>
Outcome	Percent of adult victims receiving domestic violence services living in a safer, more stable environment.	85.0%	78.0%
<b>Protective Services:</b>			
Output	Percent of children who are the subjects of substantiated maltreatment while in foster care.	0.57%	0.34%
Outcome	Percent of children adopted within 24 months from entry foster care.	34.0%	35.0%
Outcome	Percent of children who are the subjects of substantiated maltreatment within six months of a prior determination of substantiated maltreatment.	7.1%	7.0%
Outcome	Percent of children reunified with their natural families in less than 12 months of entry into foster care.	85.0%	73.3%
Outcome	Percent of children in foster care for up to 12 months with no more than two placement settings.	86.7%	83.6%
<b>Juvenile Justice Services:</b>			
Output	Percent of clients re-adjudicated within two years of previous adjudication.	5.8%	4.71%
Output	Percent of possible education credits earned by clients in juvenile justice facilities.	45.0%	42.4%
Outcome	Percent of clients receiving Functional Family Therapy and Multi-Systemic Therapy who have not committed a subsequent juvenile offense within two years post-discharge from service.	86.5%	81.0%
Outcome	Percent of clients recommitted to a CYFD facility within two years of discharge from facilities.	11.5%	4.0%
<b>Program Support:</b>			
Output	Turnover rate for child welfare case workers	15.0%	19.5%
Output	Turnover rate for juvenile correctional officers	11.9%	17.6%

**Note#1:** FY 08 number unavailable.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Total capital assets, net of depreciation, for the Department make up 2.0 percent of the Department's total assets. The Department has no infrastructure assets.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Unaudited)**

**For the Year Ended June 30, 2008**

Total compensated absences at June 30, 2008 are \$5,999,950. The estimated amount to be paid from current General Fund appropriations within one year is \$4,199,965 or 70.0 percent, with \$1,799,985 or 30.0 percent due after one year. There was no significant activity to report for compensated absences during the year ended June 30, 2008.

**NEXT YEAR'S BUDGET AND RATES**

The Department depends primarily on appropriations from the New Mexico State General Fund. The State Legislature appropriated \$204,321,600 for the fiscal year 2009 operating budget in the Laws of 2008, Chapter 3, Section 4. A compensation package for exempt/classified staff, teachers, juvenile probation and parole officers was appropriated for the amount of \$2,027,400 in the Laws of 2008, Chapter 3, Section 8.

The Laws of 2008, Chapter 6, Section 29 provided several recurring appropriations, which totaled \$571,100. The following amounts are some that were appropriated for the period ending June 30, 2008: (Item #1) \$117,000 for the Youth Dance Programs; (Item #7) \$200,000 for Programs for Children of Incarcerated Parents; (Item #15) 100,000 for Learning Enrichment Programs (Item #17) \$30,000 for Domestic Violence programs; (Item #18) \$48,170 for the No Child Left Inside program.

The Department will receive several non-recurring special appropriations in the Laws of 2008, Chapter 3, Section 5. Some of the appropriations from Chapter 3 are as follows: Item #82, \$750,000 for the implementation of the Missouri Model for juveniles; Item #83, \$300,000 for lease of additional vehicles.

The Laws of 2008, Chapter 92, Section 5 will provide \$4,800,000 for these capital outlay projects:

Item 2	For water line repairs and replacement at the Youth Diagnostic and Development Center (YDDC) facility.	\$1,000,000
Item 4	To complete construction of vocational rooms and an indoor gymnasium including a weight room, indoor basketball gymnasium and bleachers at the J. Paul Taylor juvenile justice center in Dona Ana county.	\$3,200,000
Item 5	For planning, designing and renovating the J. Paul Taylor juvenile detention center in Las Cruces in Dona Ana County and for other modifications at other juvenile detention facilities statewide based on the "Missouri Model" (a nationally acclaimed program that focuses on rehabilitation), which allows for individualized education, behavioral health and substance abuse services for youth in detention	\$600,000

The Department reorganized its operations to reflect emerging priorities and opportunities that will make the best and highest use of existing resources. Although the reorganization for budget purposes is effective in fiscal year 2010, the Department is currently operating under the new structure. The department will be restructured to form four program areas. They are: Early Childhood Services, Youth and Family Services, Protective Services and Juvenile Justice Services. The Program Support area will continue to provide budget and finance, employee support and information technology services and will assume management of the entire vehicle fleet and background check operations. Some of the services provided by the Early Childhood Services program area will include Pre-K,



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS – (Unaudited)**

**For the Year Ended June 30, 2008**

child care, family nutrition, home visiting and other early childhood development programming. The Youth and Family Services program area will allow the department to integrate community-based probation and parole services with community-based transition, behavioral health, domestic violence, and other prevention and intervention services. It will also allow the department to expand services for the older youth in our care through transition and independent living services. The Protective Services will essentially remain as is with the addition of the teen parenting program and the movement of Youth Services consultants to Youth and Family Services. The Juvenile Justice Services (facilities) program area will become their own program area, separate from, but still integrated with, probation and parole and community corrections. The Department has adopted the *Cambiar* New Mexico (Missouri) model which shifts the focus from a confinement and punishment environment to a rehabilitation and regionalization environment. The Department will continue to hold young people accountable while it provides for their rehabilitation and prepare them for healthy adulthood.

During fiscal year 2009, the Department took over the Camino Nuevo facility located in Albuquerque from the New Mexico Corrections Department. This takeover allows the department to provide more effective and efficient client programming rather than contracting with county government to provide these services

Also in fiscal year 2009, the Department will close Camp Sierra Blanca as the anticipated cost to operate this facility will increase by \$1,000,000. The Contractor informed the Department it was no longer going to provide this type of service. With the current revenue picture and the resulting budget constraints, the Department determined it would be more cost effective to close the facility. There is no impaired asset writedown in 2009.

Finally in fiscal year 2009, Governor Bill Richardson mandated that Executive Cabinet Secretaries prepare a plan to cut fiscal year 2009 and 2010 budgets by five percent. This request was based on declining estimated revenues for the state. The Department has submitted its plan to the Department of Finance and Administration (DFA) State Budget Division (SBD) and is awaiting their approval. Also, as result of the declining estimated revenues, the Governor's Office requested that each Department prepare a plan to cut each respective department's current and requested capital outlay appropriations by 15%. This plan has also been submitted to the DFA SPD. The Department is awaiting a final decision on this plan as well.

The fiscal year 2010 Request Budget includes a general fund base request of \$205,095,600 - an increase of \$8,375,600 or 4.05 percent over fiscal year 2009 – to maintain an average 6.30% vacancy factor in the agency, to the continued implementation of the *Cambiar* New Mexico (juvenile justice reform efforts based on the Missouri Model , a nationally acclaimed program that focuses on rehabilitation) within Juvenile Justice Services facilities, caseload growth in the Protective Services Program, request funding for a technology refresh and offset the cost of increased General Services Department rates.

## **FINANCIAL CONTACT**

The Department's financial statement is designed to present users with the general overview of the Department's finances and to demonstrate the Department's accountability. If you have any questions about the report or need additional information, please contact:

Children, Youth and Families Department  
Administrative Services Division Director  
PO Box 1628  
Santa Fe, New Mexico 87504-1628

## **FINANCIAL SECTION**

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Exhibit I

**Statement of Net Assets**

**June 30, 2008**

<b>ASSETS</b>	<u>Governmental Activities</u>
State Fund Investment Pool	\$ 14,284,513
Cash	61,700
Accounts receivable, net	40,031,075
Due from other agencies	6,028,893
Supplies inventory	300,381
Other assets	11,697
Investments at State Investment Council	2,082,850
Capital assets, net	<u>1,252,260</u>
<b>Total assets</b>	<u><b>64,053,369</b></u>
 <b>LIABILITIES</b> 	
Accounts payable	31,796,152
Accrued payroll	2,442,287
Payroll taxes payable	701,247
Due to other agencies	1,389,258
Due to the fiduciary funds	792,909
Due to state general fund	704,813
Due to federal government	2,337,242
Other payroll related liabilities and withholdings	1,761,468
Deferred revenues	573,296
Compensated absences	4,199,965
Noncurrent liabilities	
Compensated absences due in more than one year	<u>1,799,985</u>
<b>Total liabilities</b>	<u><b>48,498,622</b></u>
 <b>NET ASSETS</b> 	
Invested in capital assets	1,252,260
Restricted for:	
Children's trust funds - permanent	5,968,863
Children's trust funds - special revenue	543,790
Day care fund	2,147,112
Client emergency miscellaneous	60,000
Subsequent years expenditures by applicable legislation and law	11,283,591
Unrestricted deficit	<u>(5,700,869)</u>
<b>Total net assets</b>	<u><u><b>\$ 15,554,747</b></u></u>

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Exhibit 2

**Statement of Activities**

**Year Ended June 30, 2008**

	<u>Governmental Activities</u>
<b>Expenses:</b>	
Health and Welfare	\$ (389,015,834)
Depreciation expense	<u>(237,814)</u>
<b>Total program expense</b>	<b>(389,253,648)</b>
<b>Program Revenues:</b>	
Operating grants and contributions	<u>185,277,870</u>
<b>Net program expense</b>	<b><u>(203,975,778)</u></b>
<b>General Revenues:</b>	
General fund and special appropriations	195,851,400
Interest	<u>1,541,213</u>
	<u>197,392,613</u>
<b>Transfers</b>	
Transfers from other State Agencies	5,799,773
Transfers to other State Agencies	(1,298,373)
General fund reversion	<u>(590,772)</u>
<b>Net transfers</b>	<b><u>3,910,628</u></b>
<b>Change in net assets</b>	<b>(2,672,537)</b>
Net assets, beginning of year	<u>18,227,284</u>
<b>Net assets, end of year</b>	<b><u><u>\$ 15,554,747</u></u></b>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Exhibit 3

**Balance Sheet  
Governmental Funds**

June 30, 2008

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
State Fund Investment Pool	\$ 5,577,628	\$ 8,706,885	\$ 14,284,513
Cash	61,700	-	61,700
Accounts receivable, net	40,031,075	-	40,031,075
Due from other funds	8,101,586	73,392	8,174,978
Due from other agencies	5,906,267	122,626	6,028,893
Supplies inventory	300,381	-	300,381
Other assets	11,697	-	11,697
Investments at State Investment Council	-	2,082,850	2,082,850
	<hr/>	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 59,990,334</b>	<b>\$ 10,985,753</b>	<b>\$ 70,976,087</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable	\$ 30,668,878	\$ 1,127,274	\$ 31,796,152
Accrued payroll	2,437,891	4,396	2,442,287
Payroll taxes payable	696,403	4,844	701,247
Due to other funds	8,894,495	73,392	8,967,887
Due to other agencies	1,361,258	28,000	1,389,258
Due to state general fund	704,813	-	704,813
Due to federal government	2,337,242	-	2,337,242
Other payroll related liabilities and withholdings	1,761,468	-	1,761,468
Deferred revenues	573,296	-	573,296
	<hr/>	<hr/>	<hr/>
<b>Total liabilities</b>	<b>49,435,744</b>	<b>1,237,906</b>	<b>50,673,650</b>
<b>FUND BALANCES</b>			
Reserved:			
Petty cash	1,700	-	1,700
Inventory	300,381	-	300,381
Children's trust funds - permanent	-	5,968,863	5,968,863
Children's trust funds - special revenue	-	543,790	543,790
Day care fund	-	2,147,112	2,147,112
Client emergency miscellaneous	60,000	-	60,000
By law or grant	8,899,449	1,088,082	9,987,531
Subsequent year's expenditures by appropriation	1,293,060	-	1,293,060
Unreserved and designated	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total fund balances</b>	<b>10,554,590</b>	<b>9,747,847</b>	<b>20,302,437</b>
	<hr/>	<hr/>	<hr/>
<b>Total liabilities and fund balances</b>	<b>\$ 59,990,334</b>	<b>\$ 10,985,753</b>	<b>\$ 70,976,087</b>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Exhibit 4

**Reconciliation of the Governmental Fund Balance Sheet to the  
Statement of Net Assets**

**Year Ended June 30, 2008**

Fund balances - total governmental funds		\$ 20,302,437
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental capital assets	\$ 4,108,825	
Less accumulated depreciation	<u>2,856,565</u>	1,252,260
Compensated absences recorded in the statement of net assets, not recorded in the governmental funds		<u>(5,999,950)</u>
Net assets of governmental activities		<u>\$ 15,554,747</u>

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Exhibit 5

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds**

**Year Ended June 30, 2008**

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Federal funds	\$ 183,328,720	\$ -	\$ 183,328,720
Other state funds	2,886,088	1,321,095	4,207,183
Interest	1,311,410	229,803	1,541,213
Total revenues	<u>187,526,218</u>	<u>1,550,898</u>	<u>189,077,116</u>
<b>EXPENDITURES</b>			
Current:			
Health and Welfare	378,793,996	9,396,675	388,190,671
Capital outlay	735,799	-	735,799
Total expenditures	<u>379,529,795</u>	<u>9,396,675</u>	<u>388,926,470</u>
Excess (deficiency) of revenues over expenditures	<u>(192,003,577)</u>	<u>(7,845,777)</u>	<u>(199,849,354)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
General fund and special appropriations	186,633,700	9,217,700	195,851,400
Transfers from other State Agencies	5,799,773	-	5,799,773
Transfers to other State Agencies	(1,298,373)	-	(1,298,373)
General fund reversions	(590,772)	-	(590,772)
Total other financing sources and (uses)	<u>190,544,328</u>	<u>9,217,700</u>	<u>199,762,028</u>
<b>Net change in fund balances</b>	(1,459,249)	1,371,923	(87,326)
<b>Fund balances, beginning of year</b>	<u>12,013,839</u>	<u>8,375,924</u>	<u>20,389,763</u>
<b>Fund balances, ending</b>	<u>\$ 10,554,590</u>	<u>\$ 9,747,847</u>	<u>\$ 20,302,437</u>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Exhibit 6

**Reconciliation of the Statement Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2008**

Net change in fund balances - total governmental funds \$ (87,326)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 735,799	
Less current year depreciation	<u>237,814</u>	497,985

Disposal of fixed assets (158,483)

Deferred revenue recognized as revenue under accrual accounting, in the prior year (2,258,033)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Increase in accrued compensated absences (666,680)

Change in net assets of governmental activities \$ (2,672,537)

The accompanying notes are an integral part of this financial statement.



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Exhibit 7

**Statement of Revenues, Expenditures  
Budget and Actual - Major Budgeted Fund  
Non GAAP Basis**

**Year Ended June 30, 2008**

General Fund				
	Budgeted Amounts		Actual	Variance
	Original	Adjusted		(Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 182,591,800	\$ 186,633,700	\$ 186,633,700	\$ -
Federal funds	165,104,500	181,373,955	183,328,720	1,954,765
Other state funds	17,081,200	19,404,579	9,997,271	(9,407,308)
Total budgeted revenues	364,777,500	387,412,234	\$ 379,959,691	\$ (7,452,543)
Budgeted fund balance	-	3,632,400		
Total revenues and budget fund balance	\$ 364,777,500	\$ 391,044,634		
<b>Expenditures</b>				
	Original	Adjusted	Expenditures	Variance Favorable (Unfavorable)
Personnel services	\$ 114,912,400	\$ 122,233,538	\$ 121,093,249	\$ 1,140,289
Contractual services	64,710,500	70,415,171	66,292,370	4,122,801
Other costs	184,394,700	195,246,724	190,530,175	4,716,549
Other financing uses	759,900	3,149,201	1,298,373	1,850,828
Total budgeted expenditures	\$ 364,777,500	\$ 391,044,634	379,214,167	\$ 11,830,467
Less transfers to other agencies			(1,298,373)	
Plus entry to increase allowance for doubtful accounts			427,055	
Plus entry to record lawsuit contingencies			750,000	
Plus entry to record fraud reimbursement			436,946	
Total fund financial expenditures			\$ 379,529,795	
<b>Reconciliation to GAAP basis</b>				
Total actual budget revenue			\$ 379,959,691	
Less total actual GAAP expenditures			(379,529,795)	
Less General Fund reversion			(590,772)	
Less transfers to other agencies			(1,298,373)	
Net change in general fund balance			\$ (1,459,249)	

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Exhibit 8

**Statement of Fiduciary Assets and Liabilities - Agency Funds**

**June 30, 2008**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash	\$ 51,742
State Fund Investment Pool	148,381
Due from other funds	792,909
Due from other agencies	<u>2,849</u>
Total assets	<u>\$ 995,881</u>
<b>LIABILITIES</b>	
Deposits held for others	\$ 936,217
Other liabilities	<u>59,664</u>
Total liabilities	<u>\$ 995,881</u>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

**Notes to Financial Statements**

**June 30, 2008**

<b>Note</b>	<b>Description</b>	<b>Page</b>
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**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements**

**June 30, 2008**

**NOTE 1. HISTORY AND FUNCTION**

The Children, Youth and Families Department, a cabinet-level department, was created by Chapter 57, Laws of 1992, which states:

“The purpose of the Children, Youth and Families Department Act is to establish a department of state government that shall:

1. Administer all laws and exercise all functions formerly administered and exercised by the youth authority, as well as administering certain functions related to children, youth and families that were formerly administered by other departments or agencies of the state;
2. Assist in the development of state policies and plans for services to children, youth and families, including policies and plans that endeavor to strengthen client self-sufficiency and that emphasize prevention without jeopardizing the necessary provision of essential treatment and early intervention services; and,
3. Advocate for services for children, youth and families as an enduring priority in New Mexico.”

When the Department was created by the 40<sup>th</sup> legislature, several data processing requirements were imposed, which affect most or all of its divisions, personnel, and services. The first requirement related to a “... statewide database, including client tracking of services for children, youth and families...” The second was a mandate to “develop and disseminate a readily accessible resource database...” Also, mandated was a juvenile forensic evaluation program which must “... follow the juvenile in each stage of treatment, utilizing a data management system established by the [Department]...” The process of interpreting and clarifying these requirements was initiated by the Cabinet Secretary and the Department.

Based on state and federal requirements, the development of integrated information systems was clearly a priority for the Department, including a system regarding the families and clients served. The development of a family-based, cross-program tracking system was a major objective, directly resulting in creation of the Family Automated Client Tracking System (FACTS) Project.

In the interest of efficiency and economy, Executive Order 95-04, dated January 13, 1995, reorganized the Department by transferring or merging functions between abolished divisions and newly created divisions.

The Children, Youth and Families Department consist of five divisions as follows:

1. The Administrative Services Division provides administrative support, for the other CYFD divisions. Such support is provided in financial management and accounting, budget preparation, tracking and estimating, property management, federal grants management contracts management, and personnel services.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 1. HISTORY AND FUNCTION (CONTINUED)**

2. The Juvenile Justice Services Division oversees institutionalized juveniles in six community treatment centers and reintegration centers, the Youth Diagnostic and Development Center and Area I (formally the New Mexico Boys' School), which is responsible for providing intervention (juvenile probation and parole) services for approximately 27,000 boys and girls referred to CYFD for alleged delinquent acts, as well as services for their families;
3. The Protective Services Division responds to community allegations that children have been abused, neglected, or exploited, and, if these allegations are substantiated, to develop with these families a plan for services designed to prevent repeated maltreatment;
4. The Family Services Division supports family development, early care and education activities through Child Care, Child Care Licensing and Family Nutrition, and whose programs are centered around the philosophy that prevention is the most desirable solution to many social problems; and,
5. The Information Technology Services Division supports the network infrastructure and all IT systems, including the mission-critical Family Automated Client Tracking System (FACTS) application for all CYFD staff. Support includes application development, network administration and planning, telecommunications, Help Desk, regional support, Internet/Intranet development and support, production control and business/technical feasibility analysis.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by the Children, Youth and Families Department (Department or CYFD) conform to U.S. generally accepted accounting principles as applied to governmental entities. The more significant of the Department's accounting policies are described below:

**A. Financial Reporting Entity**

The chief executive of the Department is the Secretary, who is appointed by the Governor of New Mexico and is a member of the Governor's cabinet. The Department is a component unit of the executive branch and these financial statements include all funds, programs and activities over which the Department Secretary has oversight responsibility.

The Department is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*. Even though the Department Secretary is appointed by the governor, the secretary has decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. Effective July 1, 2003, GASB 39 "Determining Whether Certain Organizations are Component Units" expands the criteria of component units. GASB 39 has no impact on the Department and the Department has no blended or discretely presented component units during the year ended June 30, 2008.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**A. Financial Reporting Entity (Continued)**

The Juvenile Parole Board is administratively attached to the Department though its financial statements are not included in this report because it is a separate reporting entity.

*Joint Venture*

The Department, through its educational institutions, participates in the following regional education cooperative:

The Central Region Educational Cooperative, PO Box 37440, Albuquerque, NM 87176, an entity legally separate from the Department, is governed by an eleven-member council (eight school districts and three state institutions, namely the Youth Diagnostic and Development Center, the Children's Psychiatric Hospital and the Sequoyah Adolescent Treatment Center), operating under a Joint Powers Agreement.

The financial activity is not included in the Department's financial statements. Audited financial reports for the cooperative are available at the above address.

**B. Basic Financial Statements – GASB Statement 34**

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category which are 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. Program revenues consist of outside revenues (federal grants and other private grants).

The net cost by function is normally covered by general revenue. Historically, the previous model did not summarize or present net cost by function or activity. Since the Department only has one program, it does not employ indirect cost allocation in the financial statements.

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

The fund financial statements are very similar to the financial statements presented in the previous model.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**B. Basic Financial Statements – GASB Statement 34 (Continued)**

Emphasis is on the major funds of the governmental category. Non-major funds are summarized into a single column. The Department's only major fund is its general fund.

The governmental funds in the fund financial statements are presented on a modified accrual, current financial resources 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 with 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 on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

The Department classifies the Children's Expendable Trust Fund as a Special Revenue Fund and the Children's Non-Expendable Trust Fund as a Permanent Fund.

The Department's fiduciary funds are presented as separate fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

**C. Basis of Presentation**

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

Governmental funds are reported as major funds in the accompanying financial statements if they meet the following criteria.

- *Ten percent criterion.* An individual governmental fund reports at least 10 percent of *any* of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures.

The Department does not have any enterprise funds. The General Fund is the only major fund.

The non major funds are combined in a column in the fund financial statements and detailed in the combining section.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

The following fund types are used by the Department:

**GOVERNMENTAL FUND TYPES**

All governmental fund types are accounted for on a spending or financial flow measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to 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. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

*General Fund* - 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 is made up of the following Statewide Human Resources, Accounting and Management Reporting System (SHARE) Fund numbers.

- 06700 General Operating – The operating account for the Department. This is a reverting account, with the exception of amounts received from the Permanent Fund income and land income funds (NMSA 1978 33-1-18/19 and 32-2-2).
- 06800 Senator Light Donation by Representative Light when CYFD was established by the Department. Expenditures are unrestricted, however, consistent with the donation documentation the remaining account balance is not reverted.
- 48900 FACTS – Account established to issue “M” warrants which are payments to providers in the foster care and adoption programs. This is a reverting account.
- 49100 Child Care Payments – Account established to issue “M” warrants which are payments to the child care providers who have delivered child care services to eligible families. This is a reverting account.
- 83900 Juvenile Community Corrections – Account was created by NMSA 33-9A-1-6 to 33-9A-6 to account for resources used to divert juveniles from institutions and reintegrate them with society. In accordance with NMSA 33-9A-3, balances are not reverted.
- 84000 Federal Child Care Food Account – Payments to child and adult care providers for meals served to children and adults in non-residential childcare settings. Resources include only federal, and is therefore non-reverting.
- 84100 JJDP/Children’s Justice – The account was established in accordance with the Federal Juvenile Justice and Delinquency Prevention Act and the federal Children’s Justice Act which are federal funds and is accordingly non-reverting to the State General Fund.



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**GOVERNMENTAL FUND TYPES (Continued)**

*Special Revenue Funds* - The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These are non-reverting funds.

*Capital Project Fund* - The Capital Project Fund is used to account for the major capital projects of the Department. This is a reverting fund.

*Permanent Funds* - The Children's Trust Funds are used to account for assets, of which the principal may not be spent. These are non-reverting funds.

**FIDUCIARY FUND TYPES**

Fiduciary fund types include trust and agency funds, which are used to account for assets held by the Department in the capacity of trustee or agent.

*Agency Funds*. Agency funds are used to account for assets held as an agent for other governmental units, individuals and other funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D. Non-Current Governmental Assets/Liabilities**

GASB Statement 34 eliminates the presentation of Account Groups for fixed assets and long-term debt but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Assets.

**E. Basis of Accounting**

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

The Government-wide Financial Statements and the Fiduciary Financial Statements are presented using the economic resources measurement focus and the accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrued basis. The Department does not receive any type of tax revenue. Under the accrual method of accounting, revenues are recognized when earned and expenditures are recognized when incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The Department has elected not to follow subsequent private-sector guidance.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**E. Basis of Accounting (Continued)**

All governmental funds utilize the modified accrual basis of accounting. Under this method, revenues 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 meaning collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Amounts expended and billed for which payment is not expected to be received within 60 days are recorded as deferred revenue.

Revenues from grants that are restricted for specific uses are recognized as revenues and as receivables when the related costs are incurred. 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. The Department did not receive any bond proceeds for capital projects for the 2008 fiscal year.

Expenditures are recorded as liabilities when incurred. An exception to this general rule is that for fund financial statements, accumulated unpaid annual, compensatory and certain sick leave are not accrued as liabilities but recorded as an expenditure when utilized. For government wide financial statements, the accumulated, unpaid, annual, compensatory and certain sick leave are accrued for the current and non-current liability. Expenditures charged to federal programs are recorded utilizing the cost principles described by the various funding sources.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement No. 33, the provider recognizes liabilities and expenses and the recipient should recognize receivables and revenues when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, under most circumstances, should be reported as advances by the provider and deferred revenue by the recipient.

**F. Cash and State Fund Investment Pool**

The Department considers cash and New Mexico State Treasurer's State Fund Investment Pool balances in the financial statements to be cash on hand and demand deposits. In addition because the State Treasurer's pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be cash equivalents.

**G. Budgets and Budgetary Accounting**

The State Legislature makes annual appropriations to the Department, which lapse at fiscal year end. Legal compliance is monitored through the establishment of a budget (Modified Accrual Budgetary Basis) and a financial control system which permits a budget to actual expenditure comparison. Expenditures may not legally exceed appropriations for each budget at the program appropriation unit level. Budgeted appropriation unit amounts may be amended upon approval from the Budget Division of the State of New Mexico Department of Finance and Administration within the limitations as specified in the General Appropriations Act. The budget amounts shown in the financial statements are the final authorized amounts as legally revised during the year.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**G. Budgets and Budgetary Accounting (Continued)**

For the year ended June 30, 2008 the State of New Mexico is on the modified accrual basis as the budgetary basis except for a statutory exception. Per the General Appropriation Act of 2006 any account payable amount not paid by the statutory deadline for the current fiscal year must be paid out of the next year's budget. As part of the modified accrual budgetary basis, encumbrances will no longer carry over to the next year. In fiscal year 2008 there are reconciling items totaling between the budgetary basis and the GAAP financial statements for the governmental funds. There are no multi year budgets.

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

1. No later than September 1, the Department submits to the Legislative Finance Committee (LFC), and the Budget Division of the Department of Finance and Administration (DFA), an appropriation request for the fiscal year commencing the following July 1. The appropriation request includes proposed expenditures and the means of financing them.
2. Budget hearings are scheduled before the New Mexico House Appropriations and Senate Finance Committees. The final outcome of those hearings are incorporated into the state's General Appropriations Act.
3. The Act is signed into Law by the Governor of the State of New Mexico within the legally prescribed time limit, at which time the approved budget becomes a legally binding document.
4. Not later than May 1, the Department submits to DFA an annual operating budget by appropriation unit and object code based upon the appropriation made by the Legislature. The DFA-Budget Division reviews and approves the operating budget which becomes effective on July 1.

All subsequent budgetary adjustments must be approved by the Director of the DFA-Budget Division and LFC.

5. Formal budgetary integration is employed as a management control device during the fiscal year for the General, and Special Revenue Funds. The two Permanent Funds for Children's Trust Funds are not budgeted as they have no expenditure activity. The Capital Project Fund was also not budgeted as there was no current year activity.

**H. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. All current year encumbrances lapsed at year end. The Department did not have any encumbrances outstanding for multi-year appropriation at June 30, 2008.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**I. Compensated Absences**

Qualified employees accumulate annual leave as follows:

Years of Service	Hours Earned Per Month	Days Earned Per Month	Days of Maximum Accrual
1-3	6.67	.83	30
4-6	8.00	1.00	30
7-10	9.99	1.25	30
11-14	12.00	1.50	30
15 <sup>th</sup> /Beyond	13.33	1.67	30

Thirty (30) days of accrued annual leave may be carried forward into the beginning of the next calendar year, and any excess is forfeited. When employees terminate, they are compensated for accumulated annual leave as of the date of termination, up to a maximum of thirty (30) days.

Employees who have over 600 hours of accumulated sick leave can receive payment for hours over 600, up to 120 hours, on July 1 or January 1 of each year. However, sick leave is paid at fifty percent of the employee's regular hourly wage. At retirement, employees can receive fifty percent payment for up to 400 hours for the hours over 600 hours of accumulated sick leave. Therefore, the only sick leave which has been accrued represents the hours earned at June 30, 2008, over 600 hours. Expenditures for accumulated sick pay for hours under 600 hours will be recognized as employees take such absences.

The accrual for compensated absences is calculated at pay rates in effect at June 30, 2008, and include direct and incremental salary-related payments such as the employer's share of social security taxes. Accrued annual leave and vested sick pay are recorded as current and noncurrent liabilities in the Government-wide financial statements.

**J. Inventories**

Inventories consist of supplies on hand at various institutions valued at cost on a first-in, first-out basis. Such inventory consists of generic supplies and materials held for consumption and is expended when purchased. Inventories are stated at the lower of average cost or market. Reported inventories are equally offset by fund balance reserve which indicates that they do not constitute "an available expendable resource" in the governmental fund financial statements.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**K. Federal grants receivable (deferred revenue)**

Various reimbursement procedures are used for federal awards received by the Department. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, deferred revenue balances represent an overdraw of cash (advances) or receipt of grant funds in excess of modified accrual basis expenditures and for the government wide financial statements. Generally, receivable or deferred revenue balances caused by differences in the timing of cash reimbursements and expenditures will be reversed or returned to the grantor in the remaining grant period.

The Department reports deferred revenue on its governmental fund and government wide balance sheets. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period under modified accrual accounting. Deferred revenues also arise when resources are received by the Department before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria methods are met or when the Department has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Determining the amount of expenditures reimbursable by the federal government, in some cases, requires management to estimate allowable costs to be charged to the federal government. As a result of this and other issues, management provides an allowance for potential contractual allowances for federal revenue. Any changes in these estimates are recorded in the period that the estimate is changed.

Certain federal program funds are passed through the Department to subgrantee organizations. These pass-through funds are included in the Schedule of Expenditures of Federal Awards as part of total expenditures for those grants.

**L. Reservations and Designations**

The Department follows GASB 46 "Net Assets Restricted by Enabling Legislation" for the Department's reservations of net assets.

Reservations of fund balance in the governmental fund statements are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriated for future expenditures. Specific reservations of fund balance accounts are summarized below:

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

*Reserved for petty cash.* This reserve was created for imprest petty cash funds.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**L. Reservations and Designations (Continued)**

*Reserved for Client Emergency Miscellaneous Expenses.* This reserve was created by NMSA 6-5-9 for the imprest Client Emergency Miscellaneous Expense Funds.

*Reserved for Juvenile Community Corrections.* This reserve was created by NMSA-33-9A.3 for the appropriations to carry out the purpose of the fund.

*Reserved for Day Care Fund.* This reserve was created to restrict the use of all resources contributed to or earned by the Day Care Fund.

*Reserved for Children's Trust Fund.* This reserve was created to restrict the use of all resources earned by or contributed to the Children's Trust Funds.

*Reserved for Pre-Kindergarten.* This reserve is authorized by NMSA 32A-23-1 to carry out the provisions of the Pre-Kindergarten.

*Reserved for Juvenile Services.* This reserve is authorized by NMSA 33-12-1 to carry out the provisions of the Juvenile Services Act.

*Reserved for subsequent years expenditures.* This represents amounts from special appropriations which are for subsequent year expenditures in accordance with the applicable legislation.

*Unreserved, Designated for Future Expenditures.* This represents the Department funds it expects to have budgeted to cover federal program reductions in subsequent years which are made up of non-reverting funds as described in Note 2 C.

**M. Net Assets**

The government-wide Fund Financial Statements utilize a net asset presentation. Net Assets are categorized as investment in capital assets, restricted and unrestricted.

*Investment in Capital Assets* – is intended to reflect the portion of net assets which are associated with non-liquid, capital assets.

*Restricted Assets* – are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, or granting agency) limitation on their use.

*Unrestricted Assets* – represent unrestricted liquid assets. Unrestricted deficit results mainly from the recording of the compensation absences liability for which future state appropriations will pay the liability.

The Department's policy is to use restricted resources first when an expense is incurred when both restricted and unrestricted are available. For the FACTS Child Care Payments Fund the Department allocates unrestricted resources to ensure it meets the matching requirement then restricted resources. The Department may also allocate expenses to restricted or unrestricted resources based on the budgeted source of funds.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**N. Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 expenses during the reporting period. Actual results could differ from those estimates.

**O. Capital Assets**

Property, plant and equipment purchased or acquired prior to the June 30, 2006 fiscal year at a value of \$1,000 or greater were capitalized. Effective for the June 30, 2006 fiscal year the capitalization policy was increased to \$5,000 for additions to property plant and equipment additions. Assets are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives with no salvage value. The Department capitalizes and depreciates software used for internal purposes. There was no internally developed software activity during the current fiscal year. The Department has no impaired assets at June 30, 2008.

Years	
Furniture/Fixtures	10
Data Processing Equipment (including Software)	6
Equipment	10
Vehicles	5
Buildings	25

The Department owns buildings on land which is owned by GSD-Property Control and the State Land Office.

The Department utilizes facilities and buildings that are 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. GASB 34 requires the recording and depreciation of infrastructure assets, such as roads, bridges, etc. The Department does not own any infrastructure assets.

**P. Program Revenues**

The Department classifies federal revenues and other state funds as program revenues in the Statement of Activities.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 3. CASH, STATE FUND INVESTMENT POOL, AND INVESTMENTS**

Cash balances at financial institutions and on hand at June 30, 2008 consist of the following:

Bank accounts	\$	60,500
Cash on hand		<u>1,200</u>
 Total cash balance	 \$	 <u><u>61,700</u></u>

The balances in the New Mexico State Treasurer's State Investment Pool consist of:

General Fund balance	\$	5,577,628
Non major Government Funds balances		<u>8,706,885</u>
 Total balance		 <u><u>\$14,284,513</u></u>

The State Treasurer invests excess cash balances on behalf of certain earmarked funds of state agencies identified by state statute and local governments. Interest earnings are distributed based on average outstanding cash balances for local governments and the state agencies where interest is allowed to be earned. All other interest earnings are transferred to the State General Fund.

The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$100,000 in insurance coverage provided by federal agencies. Accordingly, the State Treasurer requires that depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institution's operating results and capital. Collateral for the fiscal agent account is required in amounts equal to 50% of the average investment balance.

The Department follow GASB 40, Deposit and Investment Risk Disclosures. GASB 40 requires certain disclosures when balances with financial institutions exceed depository insurance. The Department does not have credit quality, Deposit Custodial Credit, Security Custodial Credit, Concentration of Credit, or Foreign Currency Risks. Its only investments are invested by the State Investment Council. The Department's balances with financial institutions did not exceed depository insurance for the year ended June 30, 2008.

All funds on deposit with banking institutions were fully covered by Federal Deposit Insurance Corporation (FDIC) Insurance at June 30, 2008, as the bank balances indicate below.

	Wells Fargo Bank	Bank of America
Total amount of deposits in bank	\$ 95,492	\$ 24,132
Less: FDIC Coverage	<u>100,000</u>	<u>100,000</u>
 Total uninsured public funds	 <u><u>None</u></u>	 <u><u>None</u></u>



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 3. CASH, STATE FUND INVESTMENT POOL AND INVESTMENTS (CONTINUED)**

CYFD investments held by the State Investment Council at June 30, 2008 were as follows:

	Permanent Children Trust	Permanent Child Trust
Large Cap Index	\$ 152,596	\$ 152,596
Non US Developed Markets Pool	49,235	49,235
Non US Emerging Markets Pool	12,166	12,166
US Core Bonds Pool	827,428	827,428
Total	\$ 1,041,425	\$ 1,041,425

The allocations of investments in the various investments are per CYFD's investment policy.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. CYFD has exposure to interest rate risk by its investment in the Core Bond and High Yield Bond holdings with the State Investment Council. Exposure to interest rate risk in the State Funds Investment Pool is limited due to its investments in short-term maturing securities.

The New Mexico State Treasurer and State Investment Council pools are not rated.

For additional GASB 40 disclosure information related to the above investment pools, the reader should see the separate audit report for the New Mexico State Treasurer's Office and the State Investment Council for the fiscal year ended June 30, 2008.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 4. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2008 are as follows:

	General Fund
Federal Grants receivable	\$ 41,066,823
Accounts receivable - overpayment of benefits	2,709,089
Other receivables	295,413
Less: Contractual and collectability allowances	<u>(4,040,250)</u>
Total accounts receivable	<u>\$ 40,031,075</u>

An allowance for doubtful receivables has been recorded based on management's estimate of uncollectability and contractual allowances.

An analysis for the receivable allowances is as follows:

Balance, beginning of year	\$ 3,613,195
Provision for doubtful accounts	<u>427,055</u>
Balance, end of year	<u>\$ 4,040,250</u>

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 5. CAPITAL ASSETS**

The Capital Asset activity for the year are as follows:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Governmental activities:				
Depreciable Assets:				
Buildings and structures	\$ 720,493	\$279,869	\$ (2,570)	\$ 997,792
Data processing equipment	5,142,970	375,645	(3,726,009)	1,792,606
Equipment and machinery	1,072,473	37,401	(456,502)	653,372
Furniture and fixtures	1,037,515	22,500	(421,244)	638,771
Vehicles	43,999	20,384	(43,999)	20,384
Non-depreciable Assets:				
Livestock	<u>5,900</u>	<u>-</u>	<u>-</u>	<u>5,900</u>
Totals at cost	<u>8,023,350</u>	<u>735,799</u>	<u>(4,650,324)</u>	<u>4,108,825</u>
Less accumulated depreciation:				
Buildings and structures	294,895	34,366	(1,103)	328,158
Data processing equipment	5,142,950	31,304	(3,726,009)	1,448,245
Equipment and machinery	791,759	86,292	(359,840)	518,211
Furniture and fixtures	836,989	83,814	(360,890)	559,913
Vehicles	<u>43,999</u>	<u>2,038</u>	<u>(43,999)</u>	<u>2,038</u>
Total accumulated depreciation	<u>7,110,592</u>	<u>237,814</u>	<u>(4,491,841)</u>	<u>2,856,565</u>
Capital assets, net	<u>\$ 912,758</u>	<u>\$497,985</u>	<u>\$ (158,483)</u>	<u>\$ 1,252,260</u>

The Department does not have any debt related to capital assets as of June 30, 2008. The current year additions were paid from the General Fund.

Depreciation expense was \$237,814 for the year ended June 30, 2008.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 6. RETIREMENT PLANS (STATE PERA AND ERA)**

**PERA Pension Plan**

*Plan Description.* Substantially all of the Department 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, 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. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*Funding Policy.* Plan members are required to contribute from 4.78% to 7.42% (depending upon the division) of their gross salary. The Department is required to contribute from 16.59% to 25.72% (depending upon the division) of the gross covered salary. The contribution requirements of plan members and the Department are established 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 years ending June 30, 2008, 2007, and 2006 were, \$13,439,792, \$14,887,835, and \$13,999,427 respectively, equal to the amount of the required contributions for each year.

**ERA Pension Plan**

*Plan Description.* The exempt-teacher employees of the Department participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. ERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ERA, PO Box 1029, Santa Fe, New Mexico 87503. The report is also available on ERA at [www.nmera](http://www.nmera)

*Funding Policy.* Plan members are required to contribute 7.825% of their gross salary. The Department is required to contribute 10.90% of the gross covered salary. The contribution requirements of plan members and the Department are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to ERA for the years ending June 30, 2008, 2007, and 2006 were, \$428,149, \$255,301, and \$204,810 respectively, equal to the amount of the required contributions for each year. Future contributions by the employee and the employer will increase in future years as required by legislation. The employer contribution rate will increase to 11.65% and 7.9% for the Department for the 2009 fiscal year.

**NOTE 7. POST-EMPLOYMENT BENEFITS**

*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

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 7. POST-EMPLOYMENT BENEFITS (Continued)**

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 the event the time period required for employee and employer contributions shall become the period of time between the employers' 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 as least four years.

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The Department's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$1,504,537, \$1,432,550 and \$1,360,482, respectively, which equal the required contributions for the employer and employees for the respective years ended.

**NOTE 8. BUDGETARY BASIS**

For the year ended June 30, 2008 the State of New Mexico has adopted the modified accrual basis as the budgetary basis. As part of the modified accrual budgetary basis, encumbrances are no longer budgetary basis expenditures unless encumbrances relate to a multi-year appropriation. The Department had no encumbrances that related to their multi-year appropriations as of June 30, 2008.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 9. COMPENSATED ABSENCES**

The Department has issued no debt during the year. The changes in compensated absences liabilities are accounted for in the Statement of Net Assets are as follows:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
Compensated absences:				
Annual leave	\$ 4,320,479	\$ 4,142,955	\$ (3,549,638)	\$ 4,913,796
Compensatory leave	894,601	414,295	(396,443)	912,453
Sick leave	118,190	186,737	(131,226)	173,701
	<u>5,333,270</u>	<u>\$ 4,743,987</u>	<u>\$ (4,077,307)</u>	<u>5,999,950</u>
Less current portion	<u>3,733,289</u>			<u>4,199,965</u>
Net long-term compensated absences	<u>\$ 1,599,981</u>			<u>\$ 1,799,985</u>

The General Fund has been used to pay compensated absences.

**NOTE 10. LEASE OBLIGATIONS**

The Department is obligated under certain leases for facilities and equipment, which are accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Department's financial statements. Future minimum annual payments under operating Lease agreements for facilities and equipment are as follows:

<u>Years Ending June 30,</u>	<u>Facilities</u>	<u>Equipment</u>
2009	\$ 8,353,262	\$ 790,300
2010	8,213,903	833,608
2011	8,267,281	833,608
2012	6,740,141	833,608
2013	<u>6,916,960</u>	<u>833,608</u>
Total	<u>\$ 38,491,547</u>	<u>\$ 4,124,732</u>

During the period ending June 30, 2008 facilities and equipment rent expenses amounted to \$8,554,769.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 11. CLAIMS AND JUDGMENTS**

The Department as a State Agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the State of New Mexico. Annual premiums are paid to the Office of Risk Management Division for coverage provided in the following areas:

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

The Department is involved in several pending legal matters. Although the possibility of loss exists in some of these cases, any potential loss likely to be covered by insurance (through Risk Management Division) and accordingly a loss is not recorded. Losses identified and are known and measurable that are not covered by Risk Management has been recorded in the financial statements..

**NOTE 12. DUE FROM AND DUE TO OTHER FUNDS**

Due from and due to other funds represent interfund receivables and payables from components of the general fund for budgetary purposes arising from interdepartmental transactions. All balances are expected to be repaid within the next fiscal year. These amounts have been eliminated on the government wide statements except for the due from the agency fund of \$792,909.

Amount Due from Other Funds 1419			Amount Due to Other Funds 2319		
Fund Name	CAS Fund No.	Amount	Fund Name	CAS Fund No.	Amount
General Operating	06700	\$ 3,230,860	FACTS	49100	3,230,860
FACTS	48900	4,375,353	General Operating	06700	4,375,353
Rep Payee for SSA/SSI	49000	792,909	FACTS	48900	792,909
Child Care Payemnts	49100	436,946	General Operating	06700	436,946
CTF Expendable	78000	73,392	CTF Non-Expendable	78100	73,392
JJDP/Children's Justice	84100	9,097	General Operating	06700	9,097
JJDP/Children's Justice	84100	<u>49,330</u>	Representive Light	06800	<u>49,330</u>
<b>Totals</b>		<u><u>\$ 8,967,887</u></u>			<u><u>\$ 8,967,887</u></u>

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 13. REVERSIONS**

Unexpended and unencumbered cash balances of certain accounts revert to the State General Fund at year end. Also, cash recoveries during the fiscal year from stale dated warrants and documents, Child Care licensing fees and fines per NMSA 24-1-5 are due to the State General Fund. The amount due to the State General Fund for 2008 reversions are:

General Fund

	<u>Reversion Calculation</u>	<u>General Fund</u>
Fund balance SHARE funds 06700,48900 and 49100	\$ 5,732,649	\$ 5,732,649
Non reverting components of fund balances	-	5,412,713
Reversion for Special Appropriations	(36,519)	(36,519)
Restricted by law appropriation or the grant for future years for SHARE 06700,48900 and 49100		
- Lease for vehicles appropriation	(300,000)	-
- Pre-K Non Reverting	(435,456)	-
- Pre-K Special appropriation	(68,847)	-
- State Permanent and Land Income	(2,718,157)	-
- Missouri Model for Juveniles	(591,280)	-
- Casey Foundation	(332,722)	-
- Home Visiting	(333,334)	-
Reserved for SHARE 06700,48900 and 49100		
- Petty Cash	(1,700)	-
- Inventory	(300,381)	-
- CEME	(60,000)	-
Current Year Reversion	<u>\$ 554,253</u>	<u>(554,253)</u>
Total General fund - fund balance		<u>\$ 10,554,590</u>



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 13. REVERSIONS (Continued)**

Capital Project Fund

Current year reversions are calculated only for reverting accounts (See list at Note 2 C).

The balance in due to general fund is made up of:

- Calculated reversion for 2008	\$ 590,772
- Child Care licensing fees per NMSA 24-1-5	4,804
- Child Care fees overpaid	<u>109,237</u>
 Total Due to General Fund	 <u>\$ 704,813</u>

The balance in the General Fund reversion account is made up of:

- Calculated reversion for 2008	\$ 554,253
- Special Appropriations (See pages 81-83)	<u>36,519</u>
 Total General Fund Reversion	 <u>\$ 590,772</u>

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 14. DUE FROM AND DUE TO OTHER STATE AGENCIES**

The following is a summary of due from and due to other State Agencies as a result of: Services provided by CYFD for HSD in a vendor relationship; interest earned on cash balances in the General Fund Investment Pool at the State Treasurer; revenue earned from the Permanent Fund; Child Support Enforcement revenue from the Land Income Fund; amount from the Corrections Department for payments made by CYFD; the state share of Targeted Case Management to HSD; Birth and Death Certificates and Public Education Department for National School Lunch expenditures at CYFD facilities.

**A. Due From Other State Agencies**

Fund Name	Amount Due From Other Agencies		Other Agencies	Other Agencies	
	CAS Fund No.	Amount		Fund Name	CAS Fund No.
General Fund	06700	\$ 33,079	ALTSD	27000	\$ 33,079
General Fund	06700	20,000	DOH	06100	20,000
General Fund	06700	341,359	Work Force	63100	341,359
General Fund	06700	70,000	PED	67200	70,000
General Fund	06700	4,453,167	Human Services Dept	97500	4,453,167
General Fund	06700	602,188	Human Services Dept	05200	602,188
General Fund	06700	50	Higher Ed Dept	21600	50
General Fund	06700	12,920	Governors Com Disabilities	64500	12,920
General Fund	06700	102,820	State Treasurer	76100	102,820
General Fund	06700	2,610	Permanent Land Fund	60100	2,610
General Fund	06700	195,234	Human Services Dept	97500	195,234
Light Fund	06800	3,147	State Treasurer	80100	3,147
General Fund - FACTS	48900	<u>69,693</u>	ALTSD	27000	<u>69,693</u>
Total General Fund		<u>\$ 5,906,267</u>			<u>\$ 5,906,267</u>

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 14. DUE FROM AND DUE TO OTHER STATE AGENCIES (CONTINUED)**

Amount Due From Other Agencies			Other Agencies		
Fund Name	CAS Fund No.	Amount	Fund Name	CAS Fund No.	Amount
<u>Special Revenue Funds</u>					
Children's Expend. Trust	78000	\$ 1,900	MVD - Child Plate	82500	\$ 1,900
Day Care	91100	<u>96,891</u>	DOH - Birth and Death	06100	<u>96,891</u>
Total Speical Revenue		<u>98,791</u>			<u>98,791</u>
<u>Permanent Funds</u>					
Children's Non-Expend. Trust Fund	78100	20,619	State Treasurer	80100	20,619
Children's Non-Expend. Trust - Next Gen.	94900	<u>3,216</u>	State Treasurer	80100	<u>3,216</u>
Total Permanent Fund		<u>23,835</u>			<u>23,835</u>
Total Governmental Funds		<u>6,028,893</u>			<u>6,028,893</u>
<u>Fiduciary Fund</u>					
Social Security	09600/49000	<u>2,849</u>	State Treasurer	80100	<u>2,849</u>
		<u>\$ 6,031,742</u>			<u>\$ 6,031,742</u>

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 14. DUE FROM AND DUE TO OTHER STATE AGENCIES (CONTINUED)**

**B. Due To Other State Agencies**

2329 Amount Due To Other Agencies			Other Agencies		
Fund Name	SHARE Fund No.	Amount	Fund Name	SHARE Fund No.	Amount
General Operating	06700	\$ 80,000	HSD - JAS	97600	\$ 80,000
General Operating	06700	240	HSD	97600	240
General Operating	06700	682,567	ALTSD	27000	682,567
General Operating	06700	245,980	HSD Masimus Billings	05200	245,980
General Operating	06700	132,519	Department of Public Safety	12800	132,519
General Operating	06700	2,493	Department of Finance	34100	2,493
General Operating	06700	50,175	Department of Finance - CRB	34100	50,175
General Operating	06700	<u>93,201</u>	Human Services Department	97500	<u>93,201</u>
		1,287,175			1,287,175
Facts Protective	48900	29,006	ALTSD	27000	29,006
			Office of the Attorney General	17000	15,000
			DPS	12800	<u>30,077</u>
JJDP/Children's Justice	84100	<u>45,077</u>			<u>45,077</u>
Total General Fund		<u>1,361,258</u>			<u>1,361,258</u>
Capital Projects	59700	<u>28,000</u>	GSD	86200	<u>28,000</u>
<b>Total</b>		<b><u>\$ 1,389,258</u></b>			<b><u>\$ 1,389,258</u></b>

Interagency due to/from are expected to be settled within the next fiscal year.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 15. TRANSFERS TO/FROM OTHER STATE AGENCIES**

The following is a summary of interagency cash transfers as a result of: the Citizens Review Board and compensation increase, PreK and HIPPA transfers from the Department of Finance and Administration; transfers to NM Indian Affairs, Adult Long Term Services Department, Human Services Department, Fund for the Handicapped, Department of Health, Corrections Department, Public Education Department, and Commission on Higher Education for Behavioral Health Transformation Grant; Department of Health for School Mental Health; for payments to Judicial Courts and District Attorney's for the Juvenile Accountability Incentive Block Grant; and Department of Public Safety for the Underage Drinking Programs.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 15. TRANSFERS TO/FROM OTHER STATE AGENCIES (CONTINUED)**

<u>Transfers to other Agencies</u>	<u>SHARE Number</u>	<u>Amount</u>
Department of Finance and Administration	34100	\$ (208,216)
Secretary of State	37000	(100,000)
NM Indian Affairs	60900	(29,190)
Department of Health	66500	(348,190)
Corrections Department	77000	(81,326)
Department of Education	92400	(59,894)
Commission on Higher Education	95000	<u>(471,557)</u>
		<u>(1,298,373)</u>
<u>Transfers from other Agencies</u>	<u>SHARE Number</u>	<u>Amount</u>
Department of Finance and Administration - Comp pkg	34100	4,380,000
Department of Finance and Administration - HIPPA	34100	250,000
NM Department of Labor	63100	341,359
Fund for the Handicapped	64500	12,920
Public Education Department	92400	70,000
Corrections Department	77000	46,063
Adult Long Term Services Department	62400	33,079
Department of Health	66500	20,000
Human Services Department	63000	631,282
Commission on Higher Education	95000	50
Governor's Commission on Disability	64500	12,920
Various		<u>2,100</u>
		<u>5,799,773</u>
Net transfers to other Agencies		<u>\$ 4,501,400</u>

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 16. FUND BALANCE RESERVATIONS AND DESIGNATIONS**

The reserves for petty cash, inventory, and client emergency miscellaneous are based on the offsetting asset balances.

The reserve for Children's Trust Funds represents the expendable and non-expendable balances in these funds that are restricted by statute NMSA 1978 24-19-1 to 24-19-9.

The reserve for Day Care Fund represents the fund balances that are restricted as to use by NMSA 24-14-29.

The reserve for subsequent years expenditures are based on the applicable legislation purposes designated by the laws (See pages 76-78) Any unencumbered or unexpended balances remaining at the revert to the State General Fund based on the applicable legislation.

The designation for State Permanent and Land Income funds is for purposes designated by NMSA 19-1-17 and the State Constitution, Article XIV, Section 1 and is non-reverting.

The designation for Domestic Violence Offender Treatment is for purposes designated by NMSA 34-15-2 and 31-12-12 and is non-reverting.

The designation for Pre-K fund is for purposes designated by NMSA 32A-23-8 and is non-reverting.

The reserved for the Casey foundation is for purposes required by the private foundation.

**NOTE 17. CONTINGENCY**

The Department receives funds from federal agencies. These funds are subject to audit and adjustment to the granting agency. Any disallowed amounts resulting from these audits would be required to be refunded.

During the 2005 fiscal year the Federal Department of Health and Human Services, Office of the Inspector General conducted an audit of 2001 and 2002 grants. There was an audit finding that the Department received \$2,297,864 in overpayments. \$1,235,888 of this was remitted to various universities as part of Joint Powers Agreements; as such the Department had recorded a receivable for this amount. The Department attempted to appeal the results of the Federal audit, but was denied.

Of the three Universities, one was able to pay its portion of the disallowed costs. This amount was remitted to the Department. During the 2008 fiscal year, the Department requested and received a supplemental appropriation to cover the amount due to the federal government on behalf of the other two Universities. The entire \$1,235,888 was remitted to the federal government. The remaining \$1,237,178 pertains to the Department. The Department has submitted its response to the Department of Health and Human Services audit and is awaiting the final disposition.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Financial Statements (Continued)**

**June 30, 2008**

**NOTE 18. ACCOUNTING STANDARD PRONOUNCEMENT**

GASB issued Statement 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions" which is effective for the Department's fiscal year ended June 30, 2008. The Department belongs to the Retiree Health Care Authority and makes contributions based on state law. The implementation of this statement had no effect on the Department's financial statements.



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**June 30, 2008**

**GENERAL FUND**

*General Fund.* The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. See Exhibit 7 for total general fund budget. The following accounts are components of the General Fund and pages 52 to 62 represent the individual component parts budgeted to actual comparison:

<b>SHARE FUND #</b>	<b>ACCOUNT</b>
06700	General Operating - the operating account of the Department. (P576, P577, P578 and P580)
06800	Special Appropriation – Light - Donation by Representative Light when CYFD was established as a Department. Expenditures are unrestricted.
48900	FACTS Protective Services – Account established to issue “M” warrants which are payments to providers in the foster care and adoption programs.
49100	FACTS Child Care Payments - Account established to issue “M” warrants which are payments to child care providers who have delivered child care services to eligible families in need of day care.
83900	Juvenile Community Corrections - Account used to divert juveniles from institutions and reintegrate them with society.
84000	Federal Childcare Food Account - Payments to child and adult care providers for meals served to children and adults in non-residential childcare settings.
84100	JJDP/Children’s Justice - Account established to implement the federal Juvenile Justice and Delinquency Prevention Act and the federal Children’s Justice Act.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Schedule 1

**General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Non GAAP  
General Operating Account**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ 145,783,800	\$ 147,831,700	\$ 147,831,700	\$ -
Federal funds	39,002,000	50,107,253	54,017,057	3,909,804
Other state funds	15,478,800	17,802,179	8,112,670	(9,689,509)
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	200,264,600	215,741,132	<u>\$ 209,961,427</u>	<u>\$ (5,779,705)</u>
Budgeted fund balance	<hr/>	<hr/>		
	-	3,000,000		
Total revenues and budgeted fund balance	<u>\$ 200,264,600</u>	<u>\$ 218,741,132</u>		

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Personnel services & benefits	\$ 114,597,800	\$ 121,788,938	\$ 120,809,033	\$ 979,905
Contract services	60,359,600	64,937,604	61,066,944	3,870,660
Other costs	24,747,300	29,065,389	26,363,191	2,702,198
Other financing uses	559,900	2,949,201	1,298,373	1,650,828
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 200,264,600</u>	<u>\$ 218,741,132</u>	209,537,541	<u>\$ 9,203,591</u>
Less transfers to other agencies			(1,298,373)	
Plus entry to accrue lawsuit contingencies			750,000	
Less entry to decrease allowance for uncollectable accounts			(333,289)	
Plus entry to record reimbursement for fraud			436,946	
			<hr/>	
Total expenditures			<u>\$ 209,092,825</u>	

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Schedule 2

**General Fund Accounts  
Schedule of Expenditures  
Budget and Actual - Non GAAP**

**Program Support - P576**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		<u>Favorable (Unfavorable)</u>
Expenditures				
Personnel services & benefits	\$ 11,268,400	\$ 12,180,641	\$ 12,036,568	\$ 144,073
Contract services	1,854,200	2,716,911	2,183,770	533,141
Other costs	2,924,800	4,850,149	4,307,771	542,378
Other financing uses	-	2,289,301	671,157	1,618,144
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 16,047,400</u>	<u>\$ 22,037,002</u>	<u>\$ 19,199,266</u>	<u>\$ 2,837,736</u>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 3

General Fund Accounts  
Schedule of Expenditures  
Budget and Actual - Non GAAP

Juvenile Justice Services Division - P577

Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 43,938,400	\$ 47,365,397	\$ 47,118,054	\$ 247,343
Contract services	11,205,900	10,737,751	10,063,945	673,806
Other costs	7,929,400	9,052,656	8,206,835	845,821
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 63,073,700</u>	<u>\$ 67,155,804</u>	<u>\$ 65,388,834</u>	<u>\$ 1,766,970</u>

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Schedule 4

**General Fund Accounts  
Schedule of Expenditures  
Budget and Actual - Non GAAP  
Protective Services Division - P578**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 48,292,400	\$ 50,992,400	\$ 50,522,814	\$ 469,586
Contract services	9,310,900	11,082,982	9,966,031	1,116,951
Other costs	10,962,400	12,318,784	11,899,920	418,864
Other financing uses	240,000	240,000	208,216	31,784
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total budgeted expenditures	<u>\$ 68,805,700</u>	<u>\$ 74,634,166</u>	<u>\$ 72,596,981</u>	<u>\$ 2,037,185</u>

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Schedule 5

**General Fund Accounts  
Schedule of Expenditures  
Budget and Actual - Non GAAP  
Family Services Division -P580**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 11,098,600	\$ 11,250,500	\$ 11,131,597	\$ 118,903
Contract services	37,988,600	40,399,960	38,853,198	1,546,762
Other costs	2,930,700	2,843,800	1,948,665	895,135
Other financing uses	319,900	419,900	419,000	900
	<u>319,900</u>	<u>419,900</u>	<u>419,000</u>	<u>900</u>
Total budgeted expenditures	<u>\$ 52,337,800</u>	<u>\$ 54,914,160</u>	<u>\$ 52,352,460</u>	<u>\$ 2,561,700</u>

The accompanying notes are an integral part of this financial statement.



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Schedule 7

**General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Fund 48900 - Non GAAP**

**FACTS Protective Services**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<b>Revenues</b>				
General Fund Appropriation	\$ 15,621,100	\$ 17,615,100	\$ 17,615,100	\$ -
Federal funds	20,435,300	21,435,300	21,409,040	(26,260)
Other state funds	1,602,400	1,602,400	1,800,101	197,701
Total budgeted revenues	37,658,800	40,652,800	\$ 40,824,241	\$ 171,441
Budgeted fund balance	-	-		
Total revenues and budgeted fund balance	\$ 37,658,800	\$ 40,652,800		
	<u>Budgeted Amounts</u>		<u>Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<b>Expenditures</b>				
Other costs	\$ 37,658,800	\$ 40,652,800	\$ 40,652,704	\$ 96
Audit entry to increase allowance for doubtful accounts			171,537	
Total GAAP expenditures			\$ 40,824,241	

The accompanying notes are an integral part of this financial statement.



STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 8

**General Fund Accounts**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - Non GAAP**

**FACTS Child Care Payments Account - P580**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<b>Revenues</b>				
General Fund Appropriation	\$ 17,868,300	\$ 17,868,300	\$ 17,868,300	\$ -
Federal funds	62,790,300	66,290,300	66,128,440	(161,860)
Other state funds	-	-	-	-
	80,658,600	84,158,600	\$ 83,996,740	\$ (161,860)
 Budgeted fund balance	<u>-</u>	<u>-</u>		
 Total revenues and budgeted fund balance	<u>\$ 80,658,600</u>	<u>\$ 84,158,600</u>		
	<u>Budgeted Amounts</u>		<u>GAAP Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<b>Expenditures</b>				
Contract services	\$ -	\$ -	\$ -	\$ -
Other costs	80,658,600	84,158,600	83,407,933	750,667
	\$ 80,658,600	\$ 84,158,600	83,407,933	\$ 750,667
 Audit entry to increase allowance for doubtful accounts			588,807	
 Total GAAP expenditures			<u>\$ 83,996,740</u>	

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 9

**General Fund Accounts**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual - Non GAAP**  
**Juvenile Community Corrections Account - P577**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable ( <u>Unfavorable</u> )
<b>Revenues</b>				
General Fund Appropriation	\$ 3,234,400	\$ 3,234,400	\$ 3,234,400	\$ -
Other state funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted revenues	\$ 3,234,400	\$ 3,234,400	<u>\$ 3,234,400</u>	<u>\$ -</u>
Budgeted fund balance	<hr/>	<u>632,400</u>		
Total revenues and budgeted fund balance	<u>\$ 3,234,400</u>	<u>\$ 3,866,800</u>		
	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable ( <u>Unfavorable</u> )
<b>Expenditures</b>				
Personnel services & benefits	\$ 76,800	\$ 146,800	\$ 122,927	\$ 23,873
Contract services	3,143,000	3,705,400	3,705,367	33
Other costs	14,600	14,600	13,512	1,088
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 3,234,400</u>	<u>\$ 3,866,800</u>	<u>\$ 3,841,806</u>	<u>\$ 24,994</u>

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Schedule 10

**General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Non GAAP**

**Family Nutrition-Federal Child  
Care Food Account - P580**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Revenues				
Federal funds	\$ 41,197,900	\$ 41,197,900	\$ 40,010,290	\$ (1,187,610)
Other state funds	-	-	1,594	1,594
Total budgeted revenues	\$ 41,197,900	\$ 41,197,900	\$ 40,011,884	\$ (1,186,016)

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Other costs	\$ 41,197,900	\$ 41,197,900	\$ 40,010,290	\$ 1,187,610

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 11

General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Non GAAP

Juvenile Justice & Delinquency Prevention - P580

Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General Fund Appropriation	\$ 84,200	\$ 84,200	\$ 84,200	\$ -
Federal funds	1,679,000	2,343,202	1,763,893	(579,309)
Other state funds	-	-	263	263
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted revenues	<u>\$ 1,763,200</u>	<u>\$ 2,427,402</u>	<u>\$ 1,848,356</u>	<u>\$ (579,046)</u>

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 237,800	\$ 297,800	\$ 161,289	\$ 136,511
Contract services	1,207,900	1,772,167	1,520,059	252,108
Other costs	117,500	157,435	82,545	74,890
Other financing uses	200,000	200,000	-	200,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 1,763,200</u>	<u>\$ 2,427,402</u>	<u>1,763,893</u>	<u>\$ 663,509</u>

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Non-Major Funds**

**June 30, 2008**

**SHARE  
FUND #**

**ACCOUNT**

**SPECIAL REVENUE FUNDS**

78000	Children's Trust Fund – This fund is created by NMSA 24-19-2 and is used to account for 50% of marriage license fees collected by county clerks, interest on investments and private donations.
94800	Children's Trust Fund Next Generation – This fund is used to account for general fund appropriations received for specific purposes.
91100	Day Care – This fund is authorized by NMSA 24-14-29 and accounts for financial assistance to the Department from a portion of birth and death certificate fees for use in implementing the income-eligible day-care program.
20080	Pre-Kindergarten – This fund is authorized by NMSA 32A-23-1 and is used to account for appropriations to carry out the provisions of the Pre-Kindergarten Act. This is a non-reverting fund.
20090	Regional Juvenile Services – This fund is authorized by NMSA 33-12-1 and is used to account for appropriations to carry out the provisions of the Juvenile Services Act. This a non-reverting fund.

**PERMANENT FUNDS**

78100	Children's Trust Fund – This fund is created by NMSA 24-19-4 and is used to account for 50% of marriage license fees collected by county clerks.
55400	Children's Trust Fund – This fund was closed during the fiscal year. Funds were transferred to fund 94800 (expendable) and 94900 (nonexpendable).
94900	Children's Trust Fund Next Generation – This fund is used to account for general fund appropriations, investments and interest on investments.

**CAPITAL PROJECT FUND**

59700	Capital Project Fund – This fund is used to account for the capital projects of Children, Youth and Families Department and funded by special appropriations.
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STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 12

Combining Balance Sheet  
Non-Major Governmental Funds

June 30, 2008

	Children's Trust Fund	Children's Trust Fund	Day Care	Pre-Kindergarten	Regional Juvenile Services	Permanent Children's Trust Fund	Permanent Children's Trust Fund	Capital Project Fund	Total Non-Major Governmental Funds
<b>ASSETS</b>									
State Fund Investment Pool	\$ 579,598	\$ 44,799	\$ 2,050,221	\$ 1,069,295	\$ 999,402	\$ 3,416,630	\$ 518,940	\$ 28,000	\$ 8,706,885
Due from other funds	73,392	-	-	-	-	-	-	-	73,392
Due from other agencies	1,900	-	96,891	-	-	20,619	3,216	-	122,626
Accounts receivable, net	-	-	-	-	-	-	-	-	-
Investments at SIC	-	-	-	-	-	1,041,425	1,041,425	-	2,082,850
<b>Total assets</b>	<b>\$ 654,890</b>	<b>\$ 44,799</b>	<b>\$ 2,147,112</b>	<b>\$ 1,069,295</b>	<b>\$ 999,402</b>	<b>\$ 4,478,674</b>	<b>\$ 1,563,581</b>	<b>\$ 28,000</b>	<b>\$ 10,985,753</b>
<b>LIABILITIES AND FUND BALANCE</b>									
Deficit State Fund Investment Pool	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	149,215	6,684	-	739,074	232,301	-	-	-	1,127,274
Accrued payroll	-	-	-	4,396	-	-	-	-	4,396
Payroll taxes payable	-	-	-	4,844	-	-	-	-	4,844
Due to other funds	-	-	-	-	-	73,392	-	-	73,392
Due to other agencies	-	-	-	-	-	-	-	28,000	28,000
Other liabilities	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>149,215</b>	<b>6,684</b>	<b>-</b>	<b>748,314</b>	<b>232,301</b>	<b>73,392</b>	<b>-</b>	<b>28,000</b>	<b>1,237,906</b>
<b>FUND BALANCES</b>									
Reserved:									
Children's Trust Funds	505,675	\$ 38,115	\$ -	\$ -	\$ -	\$ 4,405,282	\$ 1,563,581	\$ -	\$ 6,512,653
Day Care fund	-	-	2,147,112	-	-	-	-	-	2,147,112
Designated for future years	-	-	-	320,981	767,101	-	-	-	1,088,082
<b>Total fund balances</b>	<b>505,675</b>	<b>38,115</b>	<b>2,147,112</b>	<b>320,981</b>	<b>767,101</b>	<b>4,405,282</b>	<b>1,563,581</b>	<b>-</b>	<b>9,747,847</b>
<b>Total liabilities and fund balances</b>	<b>\$ 654,890</b>	<b>\$ 44,799</b>	<b>\$ 2,147,112</b>	<b>\$ 1,069,295</b>	<b>\$ 999,402</b>	<b>\$ 4,478,674</b>	<b>\$ 1,563,581</b>	<b>\$ 28,000</b>	<b>\$ 10,985,753</b>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non Major Governmental Funds

Year Ended June 30, 2008

	Children's Trust Fund	Children's Trust Fund	Day Care	Kindergarten	Pre-Kindergarten	Regional Juvenile Services	Permanent Children's Trust Fund	Permanent Children's Trust Fund	Capital Project Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>										
Other state funds	\$ 132,808	\$ -	\$ 1,078,366	\$ 403	\$ -	\$ -	\$ 109,518	\$ -	\$ -	\$ 1,321,095
Interest	167,329	37,082	-	-	-	-	12,696	-	-	229,803
Total revenues	\$ 300,137	\$ 37,082	\$ 1,078,366	\$ 403	\$ -	\$ -	\$ 122,214	\$ 12,696	\$ -	\$ 1,550,898
<b>EXPENDITURES</b>										
Current operating Health and welfare	\$ 507,454	\$ 82,000	\$ 900,000	\$ 6,674,322	\$ 1,232,899	\$ -	\$ -	\$ -	\$ -	\$ 9,396,675
Total expenditures	\$ 507,454	\$ 82,000	\$ 900,000	\$ 6,674,322	\$ 1,232,899	\$ -	\$ -	\$ -	\$ -	\$ 9,396,675
Excess (deficiency) of Revenues over expenditures	(207,317)	(44,918)	178,366	(6,673,919)	(1,232,899)	122,214	12,696	-	-	(7,845,777)
<b>OTHER FINANCING SOURCES AND (USES)</b>										
Transfers in/(out)	73,392	-	-	-	-	-	(73,392)	-	-	-
General fund appropriations	222,800	-	-	6,994,900	2,000,000	-	-	-	-	9,217,700
Total other financing sources and (uses)	296,192	-	-	6,994,900	2,000,000	(73,392)	-	-	-	9,217,700
Net change in fund balances	88,875	(44,918)	178,366	320,981	767,101	48,822	12,696	-	-	1,371,923
Fund balances, beginning	416,800	83,033	1,968,746	-	-	4,356,460	1,550,885	-	-	8,375,924
Fund balances, ending	\$ 505,675	\$ 38,115	\$ 2,147,112	\$ 320,981	\$ 767,101	\$ 4,405,282	\$ 1,563,581	\$ -	\$ -	\$ 9,747,847

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

Schedule 14

**Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Non GAAP**

**Children's Trust Fund - P580**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General Fund Appropriation	\$ 172,800	\$ 222,800	\$ 222,800	\$ -
Other state funds	225,900	225,900	373,529	147,629
	<u>398,700</u>	<u>448,700</u>	<u>\$ 596,329</u>	<u>\$ 147,629</u>
 Total budgeted revenues	 398,700	 448,700	 <u>\$ 596,329</u>	 <u>\$ 147,629</u>
 Budgeted fund balance	 <u>-</u>	 <u>120,000</u>		
 Total revenues and budgeted fund balance	 <u>\$ 398,700</u>	 <u>\$ 568,700</u>		

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		(Unfavorable)
<b>Expenditures</b>				
Personnel services & benefits	\$ 31,300	\$ 31,300	\$ 31,151	\$ 149
Contract services	345,000	515,000	456,769	58,231
Other costs	22,400	22,400	19,534	2,866
	<u>398,700</u>	<u>568,700</u>	<u>507,454</u>	<u>61,246</u>
 Total budgeted expenditures	 <u>\$ 398,700</u>	 <u>\$ 568,700</u>	 <u>\$ 507,454</u>	 <u>\$ 61,246</u>

The accompanying notes are an integral part of this financial statement.



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Non GAAP  
CTF Next Generation - P580**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General Fund Appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Other state funds	-	-	37,082	37,082
Total budgeted revenues	\$ -	\$ -	<u>\$ 37,082</u>	<u>\$ 37,082</u>
 Budgeted fund balance		82,000		
 Total revenues and budgeted fund balance	\$ -	\$ 82,000		

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Expenditures</b>				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	-	82,000	82,000	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
Total budgeted expenditures	\$ -	\$ 82,000	\$ 82,000	\$ -

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 16

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Non GAAP

Day Care Fund -P580 - Fund 911

Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
Revenues				
Other state funds	\$ 900,000	\$ 900,000	\$ 1,078,366	\$ 178,366
	Original	Amended	Expenditures	Variance Favorable (Unfavorable)
Expenditures				
Other costs	\$ 900,000	\$ 900,000	\$ 900,000	\$ -

The accompanying notes are an integral part of this financial statement.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Schedule of Revenues and Expenditures  
Budget and Actual - Non GAAP  
Public Pre-Kindergarten - P580**

**Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General Fund Appropriation	\$ 6,994,900	\$ 6,994,900	\$ 6,994,900	\$ -
Federal funds	-	-	-	-
Other state funds	-	-	403	403
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total budgeted revenues	<u>\$ 6,994,900</u>	<u>\$ 6,994,900</u>	<u>\$ 6,995,303</u>	<u>\$ 403</u>

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Expenditures</b>				
Personal services & benefits	\$ 66,500	\$ 139,500	\$ 134,193	\$ 5,307
Contract services	6,882,200	6,809,200	6,500,217	308,983
Other costs	46,200	46,200	39,912	6,288
Other financing uses	-	-	-	-
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total budgeted expenditures	<u>\$ 6,994,900</u>	<u>\$ 6,994,900</u>	<u>\$ 6,674,322</u>	<u>\$ 320,578</u>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 18

**Schedule of Revenues and Expenditures  
Budget and Actual - Non GAAP  
Juvenile Services - P580  
Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable <u>(Unfavorable)</u>
<b>Revenues</b>				
General Fund Appropriation	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -
Federal funds	-	-	-	-
Other state funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted revenues	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>

	<u>Budgeted Amounts</u>		<u>Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable <u>(Unfavorable)</u>
<b>Expenditures</b>				
Personal services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	2,000,000	2,000,000	1,232,899	767,101
Other costs	-	-	-	-
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,232,899</u>	<u>\$ 767,101</u>

The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Combining Balance Sheet by Components of the  
General Fund

June 30, 2008

	General Operating	Special Appropriation - Light	FACTS Protective Services	FACTS Child Care Payments	Juvenile Community Corrections	Federal Childcare Food Account	JJD/Children's Justice	Total General Fund
<b>ASSETS</b>								
State Fund Investment Pool *	\$ 14,645,473	\$ 485,247	\$ -	\$ -	\$ 4,094,079	\$ 211,798	\$ 771,702	\$ 20,208,299
Cash	61,700	-	-	-	-	-	-	61,700
Accounts receivable, net	9,434,108	-	2,637,312	22,246,875	-	5,154,130	558,650	40,031,075
Due from other funds	3,230,860	-	4,375,353	436,946	-	-	58,427	8,101,586
Due from other agencies	5,833,427	3,147	69,693	-	-	-	-	5,906,267
Supplies inventory	300,381	-	-	-	-	-	-	300,381
Other assets	11,697	-	-	-	-	-	-	11,697
Total assets	\$ 33,517,646	\$ 488,394	\$ 7,082,358	\$ 22,683,821	\$ 4,094,079	\$ 5,365,928	\$ 1,388,779	\$ 74,621,005
<b>LIABILITIES AND FUND BALANCE</b>								
Deficit State Fund Investment Pool *	\$ -	\$ -	\$ 2,960,295	\$ 11,670,376	\$ -	\$ -	\$ -	\$ 14,630,671
Accounts payable	14,730,533	-	3,329,590	7,063,118	696,240	4,589,843	259,554	30,668,878
Accrued payroll	2,431,309	-	-	-	1,793	-	4,789	2,437,891
Payroll taxes payable	694,953	-	-	-	1,450	-	-	696,403
Due to other funds	4,821,396	49,330	792,909	3,230,860	-	-	-	8,894,495
Due to other agencies	1,287,175	-	29,006	-	-	-	45,077	1,361,258
Due to state general fund	595,576	-	-	109,237	-	-	-	704,813
Due to federal government	1,553,873	-	-	632,830	-	148,674	1,865	2,337,242
Other payroll related liabilities and withholdings	1,747,453	-	-	-	1,618	-	12,397	1,761,468
Deferred revenues	433,541	-	17,261	10,657	-	96,287	15,550	573,296
Total liabilities	28,295,809	49,330	7,129,061	22,717,078	701,101	4,834,804	339,232	64,066,415
<b>FUND BALANCES</b>								
Reserved:								
Petty cash	1,700	-	-	-	-	-	-	1,700
Inventory	300,381	-	-	-	-	-	-	300,381
Client emergency miscellaneous	60,000	-	-	-	-	-	-	60,000
By law or grant	-	439,064	-	-	-	531,124	1,049,547	5,412,713
Designated subsequent year's expenditures	4,779,796	-	(46,703)	(33,257)	-	-	-	4,779,796
Unreserved and designated (deficit):	79,960	-	(46,703)	(33,257)	-	-	-	-
Total fund balances	5,221,837	439,064	(46,703)	(33,257)	3,392,978	531,124	1,049,547	10,554,590
Total liabilities and fund balances	\$ 33,517,646	\$ 488,394	\$ 7,082,358	\$ 22,683,821	\$ 4,094,079	\$ 5,365,928	\$ 1,388,779	\$ 74,621,005

\* Balances netted to State Fund Investment Pool of \$5,577,628 on Exhibit 3

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
by Components of the General Fund

Year Ended June 30, 2008

	General Operating	Special Appropriation - Light	FACTS Protective Services	FACTS Child Care Payments	Juvenile Community Corrections	Federal Childcare Food Account	JJDP/Children's Justice	Total General Fund
<b>REVENUES</b>								
Federal funds	\$ 54,017,057	\$ -	\$ 21,409,040	\$ 66,128,440	\$ -	\$ 40,010,290	\$ 1,763,893	\$ 183,328,720
Other state funds	1,084,130	-	1,800,101	-	-	1,594	263	2,886,088
Interest	1,228,767	82,643	-	-	-	-	-	1,311,410
Total revenues	56,329,954	82,643	23,209,141	66,128,440	-	40,011,884	1,764,156	187,526,218
<b>EXPENDITURES</b>								
Current operating:								
Health and Welfare	208,357,026	-	40,824,241	83,996,740	3,841,806	40,010,290	1,763,893	378,793,996
Capital outlay	735,799	-	-	-	-	-	-	735,799
Total expenditures	209,092,825	-	40,824,241	83,996,740	3,841,806	40,010,290	1,763,893	379,529,795
Excess (deficiency) of Revenues over expenditures	(152,762,871)	82,643	(17,615,100)	(17,868,300)	(3,841,806)	1,594	263	(192,003,577)
<b>OTHER FINANCING SOURCES AND (USES)</b>								
General fund appropriations	147,831,700	-	17,615,100	17,868,300	3,234,400	-	84,200	186,633,700
Transfers from other State Agencies	5,799,773	-	-	-	-	-	-	5,799,773
Transfers to other State Agencies	(1,298,373)	-	-	-	-	-	-	(1,298,373)
General fund reversions	(590,772)	-	-	-	-	-	-	(590,772)
Total other financing sources and (uses)	151,742,328	-	17,615,100	17,868,300	3,234,400	-	84,200	190,544,328
Net change in fund balances	(1,020,543)	82,643	-	-	(607,406)	1,594	84,463	(1,459,249)
Fund balances, beginning of year	6,242,380	356,421	(46,703)	(33,257)	4,000,384	529,530	965,084	12,013,839
Fund balances, ending	\$ 5,221,837	\$ 439,064	\$ (46,703)	\$ (33,257)	\$ 3,392,978	\$ 531,124	\$ 1,049,547	\$ 10,554,590

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Cash Accounts

Year Ended June 30, 2008

Name of Depository	Account Name	Fund Type	SHARE Fund No.	Type of Account	Interest Bearing	Cash per Bank	Less Outstanding Warrants	Other Reconciling Items	Reconciled Balance at June 30, 2008
<b>General Fund:</b>									
Wells Fargo Bank	Client Emergency Misc. Expenses	General	06700	Checking	No	\$ 54,051	\$ -	\$ 5,949	\$ 60,000
Wells Fargo Bank	NMBS - Petty Cash Fund	General	06700	Checking	No	496	-	4	500
N/A	Petty Cash	General	06700	Petty Cash	-	1,200	-	-	1,200
<b>Total General Fund cash</b>						<b>\$ 55,747</b>	<b>\$ -</b>	<b>\$ 5,953</b>	<b>\$ 61,700</b>
<b>Fiduciary Funds:</b>									
Wells Fargo Bank	NMBS - Boys' Resident Trust	Agency	99600	Checking	No	36,977	(2,317)	1	34,661
Wells Fargo Bank	NMBS - General Special Activity	Agency	99600	Super Now	Yes	3,968	(67)	-	3,901
Bank of America	YDDC - Girls' Resident Trust	Agency	99600	Checking	No	17,095	(8,702)	34	8,427
Bank of America	J. Paul Taylor - Resident Trust	Agency	99600	Checking	No	7,037	(2,284)	-	4,753
<b>Total Fiduciary Funds cash</b>						<b>65,077</b>	<b>(13,370)</b>	<b>35</b>	<b>51,742</b>
<b>Total Department cash</b>						<b>\$ 120,824</b>	<b>\$ (13,370)</b>	<b>\$ 5,988</b>	<b>\$ 113,442</b>

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements

June 30, 2008

JPA Number (FY, Agency Cod, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning and Ending Dates of Agreement	Total Estimated Amount of Project Assigned	Amount Agency Contributed in FY	Audit Responsibility
97-690-0230-3	Children, Youth and Families	CYFD 100%	Continue the "School Mental Health Initiative" which targets behavior disordered kids in the public schools	12/21/2000 to Indefinite	CYFD 100%	\$ -	CYFD 100%
	Health Department Office of School Health						
02-690-5066	Children, Youth and Families	CYFD 100%	Foster Care in Rio Arriba County on the reservation	7/1/2001 to 6/30/2011	CYFD 100%		CYFD 100%
	Santa Clara Pueblo						
5	Central Region Education Cooperative (CREC) Children, Youth and Families	CREC 100%	Council	7/1/1992 to Indefinite	CREC 100%	\$ -	CREC 100%
95-17(A1)	Human Services (HSD)	HSD 100%	Title XIX Case Management	7/1/1994 to Indefinite	HSD (100%)	\$ -	HSD 100%
	Children, Youth and Families						
06-690-6001	Children, Youth and Families Pojoaque Pueblo	CYFD	Meeting federal requirements under Title IV-E for eligible children	10/3/2005 to Indefinite	Pojoaque 100%	\$ -	Pojoaque
06-690-6007	Children, Youth and Families Acoma Pueblo	CYFD	Meeting federal requirements under Title IV-E for eligible children	3/28/2006 to Indefinite	Acoma 100%	\$ -	Acoma
06-690-6008	Children, Youth and Families Zuni Pueblo	CYFD	Meeting federal requirements under Title IV-E for eligible children	3/28/2006 to Indefinite	Zuni 100%	\$ -	Zuni



STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2008

JPA Number (FY, Agency Cod, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning and Ending Dates of Agreement	Total Estimated Amount of Project Assigned	Amount Agency Contributed in FY	Audit Responsibility
01-690-6000 01- 665-62.955 A-1	Children, Youth and Families Department of Health	CYFD	Provide mental health, alcohol and substance abuse services for Rio Arriba County	7/1/2000 to Indefinite	DOH 100%	\$ -	CYFD
06-690-6002	Children, Youth and Families DOH, HSD, ALTSD	HSD	Develop a Statewide system of behavioral health care	12/9/2005 to 6/30/2010	HSD 100%	\$ -	HSD
06-690-6000	Children, Youth and Families Aging and Long Term Services	ALTSD	To transfer adult protective services to ALTSD	7/1/2005 to 6/30/2008	ALTSD 100%	\$ -	ALTSD
05-690-2020	Children, Youth and Families Taos Pueblo	CYFD	Tribal and state foster care and adoption assistance payments under Title IV-E	02/11/2005 to Indefinite	CYFD 100%	\$ -	CYFD
06-624-5000-173	ALTSD CYFD, DOH, HSD	ALTSD 100%	To establish, implement and fund office of Faith-Based on Community Initiative	5/18/2006 to Indefinite	-	\$ -	ALTSD 100%
06-690-6000-6003	Health & Human Services Department CYFD	HSD 100%	Revenue Maximization	7/1/2005 to Indefinite	HSD 100%	\$ -	HSD 100%
06-630-6900-003	Health & Human Services Department CYFD	HSD 100%	Services to assist persons receiving assistance under TANF and Food Stamps	7/1/2005 to 6/30/2010	HSD 100%	\$ -	HSD 100%

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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Schedule of Joint Powers Agreements (Continued)

June 30, 2007

JPA Number (FY, Agency Cod. Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning and Ending Dates of Agreement	Total Estimated Amount of Project Assigned	Amount Agency Contributed in FY	Audit Responsibility
00-15	Health & Human Services Department CYFD	HSD 100%	Targeted Case Management	10/1/1998 to Indefinite	HSD 100%	\$ -	HSD 100%
06-690-6000-6003	State Investment Council	State Investment	Provide investment services	2/1/2006 to Indefinite	CYFD 100%	\$ -	State Investment Council and CYFD
02-690-5000-001	CYFD Clubhouse Inn	CYFD/100%	CORE training lodging	4/30/02 until termination per MOU	CYFD 100%	\$ -	CYFD 100%
06-624-6000-0156	CYFD Aging Long Term Services Department	CYFD/100%	Operating costs associated with transfer	7/1/05 To 7/1/08	CYFD 100%	\$ -	CYFD 100%
07-560	CYFD Bernalillo County	CYFD 100%	Use of county's juvenile detention facility	8/28/2007 - Indefinite	CYFD 100%	\$ -	CYFD 100%
07-690-1018-1	CYFD Grant County	CYFD	Non-secure alternatives to detention	7/1/2007-6/30/08	CYFD 100%	\$ 6,250	CYFD 100%
08-690-5177	CYFD NMSU	CYFD 100%	To increase the number of social worker graduates who are qualified to work for CYFD	7/1/2007-6/30/08	CYFD 100%	\$ 1,313,836	CYFD 100%

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2007

JPA Number (FY, Agency Cod, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning and Ending Dates of Agreement	Total Estimated Amount of Project Assigned	Amount Agency Contributed in FY	Audit Responsibility
08-690-5178	CYFD	CYFD 100%	To increase the number of social worker graduates who are qualified to work fo CYFD	7/1/2007 - 6/30/08	CYFD 100%	\$ 159,289	CYFD 100%
08-690-5179	Western New Mexico University CYFD	CYFD 100%	To increase the number of social worker graduates who are qualified to work for CYFD	7/1/2007 - 6/30/08	CYFD 100%	\$ 1,877,821	CYFD 100%
08-924-0197	Public Education Department Children, Youth and Families	PED 100%	Professional Development	3/17/2008 - 6/30/08	PED 100%	\$ 1,877,821	PED 100%
08-630-7903-0020	Human Services Department Children, Youth and Families	HSD 100%	TANF Domestic Violence - General Funds	7/1/2007 - 6/30/08	HSD 100%	\$ -	HSD 100%
08-630-9000-0007	Human Services Department Children, Youth and Families	HSD 100%	TANF Domestic Violence - TANF Funds	7/1/2007 - 6/30/08	HSD 100%	\$ -	HSD 100%
08-630-9000-0005	Human Services Department Children, Youth and Families	HSD 100%	E&T Childcare and E&T Childcare Administration	7/1/2007 - 6/30/08	HSD 100%	\$ -	HSD 100%
MOU	Children, Youth and Families NM Workforce Solutions	CYFD 100%	Assist in implementation of the Career Cluster Initiative	2/7/2008 - 6/30/08	CYFD 100%	\$ -	CYFD 100%

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements

June 30, 2008

JPA Number (FY, Agency Cod, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning and Ending Dates of Agreement	Total Estimated Amount of Project Assigned	Amount Agency Contributed in FY	Audit Responsibility
08-630-7903-0010	Human Services Department Children, Youth and Families	HSD 100%	Children's mental health	9/28/2007 - 9/30/08	HSD 100%	\$ -	HSD 100%
MOU	Children, Youth and Families Public Education Department	CYFD 50%	Transfer of PreK Funds to DFA for evaluation study	7/1/2007 - 6/30/08	CYFD 50%	\$ 123,500	CYFD 50%
	Children, Youth and Families Department of Health	CYFD	Allow CYFD to license and regulate shelter care facilities that serve persons up to age 21	7/1/2007 - Indefinite		\$ -	
06-630-8000-0006	Human Services Department Department of Health	HSD	Administration and operation of the Medicaid School-based services program and School- based health centers	11/16/2005 - 6/30/08		\$ -	
08-690	Children, Youth and Families Children, Youth and Families	CYFD	Lease of office space to allow citizens of NM access to the Office of the Governor in Albuquerque, NM	7/1/2007 - 6/30/10	CYFD	\$ 4,225	CYFD
08-690	Taxation & Revenue Dept. Children, Youth and Families	CYFD	Professional services agreement for the general purpose of implementing federal legislative and regulatory strategies	5/2005 - Indefinite	CYFD	\$ 3,950	CYFD
	Department of Finance						

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements

June 30, 2008

JPA Number (FY, Agency Cod, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning and Ending Dates of Agreement	Total Estimated Amount of Project Assigned	Amount Agency Contributed in FY	Audit Responsibility
08-690	Children, Youth and Families Office of the Governor	CYFD	Collective bargaining negotiations	6/2005 - Indefinite	CYFD	\$ 2,877	CYFD
08-690-5212	Administrative Office of the Courts (AOC)	CYFD	Medication Services in abuse and neglect cases and adoptions	7/1/2007 - 6/30/2011		\$ -	
08-630-9000-0016	CYFD and Human Services Dept.		To collaborate during planning and development of the YES-NM project. (Single web based portal)	7/1/2007 -		\$ -	

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Agency Funds**

**June 30, 2008**

**SHARE  
FUND #**

**ACCOUNT**

**AGENCY FUNDS**

99600	Resident Agency Accounts – Agency funds are used to account for assets held as an agent for other governmental units, individuals and other funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Resident Agency Accounts consist of individual resident assets which are under the control of the Department.
49000/09600	Children’s Social Security Agency Fund – These funds are used to account for collections and payments for the benefit of certain children who are designated as wards of the State. Cash is received primarily from the Social Security Administration.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 23

Schedule of Changes in Assets and Liabilities - Agency Funds

Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<u>Resident Agency Accounts</u>				
<u>Assets</u>				
Cash	\$ 33,239	\$ 36,067	\$ 17,564	\$ 51,742
<u>Liabilities</u>				
Deposits held for others	\$ 33,239	\$ 36,067	\$ 17,564	\$ 51,742
<u>Children's Social Security Agency Funds</u>				
<u>Assets</u>				
State Fund Investment Pool	\$ 1,049,949	\$ 2,445,135	\$ 3,346,703	\$ 148,381
Due from other funds	-	792,909	-	792,909
Due from other agencies	47,988	2,849	47,988	2,849
Total Assets	<u>\$ 1,097,937</u>	<u>\$ 3,240,893</u>	<u>\$ 3,394,691</u>	<u>\$ 944,139</u>
<u>Liabilities</u>				
Deposits held for others	\$ 955,502	\$ 3,201,574	\$ 3,272,601	\$ 884,475
Due to other funds	113,515	-	113,515	-
Other liabilities	28,920	637,834	607,090	59,664
Total Liabilities	<u>\$ 1,097,937</u>	<u>\$ 3,839,408</u>	<u>\$ 3,993,206</u>	<u>\$ 944,139</u>

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Special Appropriations

The schedule below represents the status of special appropriations made by the New Mexico State Legislature.

Special Appropriation	Amount Appropriated	Amount Received to Date	Expenditures to Date	Amount to be Reverted	Balance as of 06/30/08	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 28, Section 5, Item 81 Domestic Violence Program Oversight	\$ 98,300	\$ 98,300	\$ 98,300	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 28, Section 5, Item 82 Domestic Violence Shelter in Shiprock, extension of time for original appropriation	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	- reverts in 08
Laws of 2006, Chapter 110, Section 26, Item 16.						
Laws of 2007, 48th Legislature, Chapter 28, Section 5, Item 84 Heart Gallery program	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 1 Heart Gallery Program	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 2 Statewide Domestic Violence Programs	\$ 75,000	\$ 75,000	\$ 75,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 3 Services to Homeless Children in Bernalillo County	\$ 125,000	\$ 125,000	\$ 125,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 4 Wrap-around Behavioral Health Services 3rd Judicial District	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 5 Parent & Child Education in Dona Ana County	\$ 47,000	\$ 47,000	\$ 47,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 6 Technical Assistance Center to Support Minority Contract Blue Ribbon Panel	\$ 100,000	\$ 100,000	\$ 98,797	\$ 1,203	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 7 Expand At-Home Infant Care Program	\$ 35,000	\$ 35,000	\$ 35,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 8 Plan for a Statewide Universal Home Visiting Program for up to 3 years	\$ 35,000	\$ 35,000	\$ 34,779	\$ 281	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 9 Infrastructure to Support Early Childhood Mental Health Training Institute	\$ 145,000	\$ 145,000	\$ 145,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 10 Contract to Increase Social Interaction of Autistic Children and Young Adults in Dexter	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 11 Contract with Roswell Recreation to Coordinate Education Science Festival	\$ 27,000	\$ 27,000	\$ 27,000	\$ -	\$ -	- reverts in 08



STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Special Appropriations

Special Appropriation	Amount Appropriated	Amount Received to Date	Expenditures to Date	Amount to be Reversed	Balance as of 06/30/08	
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 12 Parent & Child Education in Dona Ana County	\$ 35,000	\$ 35,000	\$ 35,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 13 To continue the operation of the New Mexico Juvenile Justice Commission	\$ 70,000	\$ 70,000	\$ 70,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 14 For the expenses of the Youth Alliance	\$ 80,000	\$ 80,000	\$ 80,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 15 Pre-Kindergarten	\$ 1,000,000	\$ 2,000,000	\$ 1,931,553	\$ -	\$ 68,447	non-reverting funds
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 16 Juvenile Probation Evening Reporting Program in Lea County	\$ 50,000	\$ 50,000	\$ 14,965	\$ 35,035	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 17 Activities of the Children's Trust Fund	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 18 Matching Funds Title IV-B, Sub-Part 2 Dona Ana	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 19 One-Year Intensive Residential Program in Albuquerque	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 20 Domestic Violence Shelter Operations in Lincoln County	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 21 Domestic Violence Programs in Ruidoso Downs	\$ 43,700	\$ 43,700	\$ 43,700	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 22 Domestic Violence Shelter Operations in Roswell	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 23 Domestic Violence Programs in Eddy County	\$ 47,000	\$ 47,000	\$ 47,000	\$ -	\$ -	- reverts in 08
Laws of 2007, 48th Legislature, Chapter 21, Section 30, Item 24 Youth Programs in Otero County	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	\$ -	- reverts in 08
Laws of 2008, 49th Legislature, Chapter 3, Section 3, Item 81 Implementation of the Missouri Model for Juveniles	\$ 750,000	\$ 750,000	\$ 158,720	\$ -	\$ 591,280	reverts in 09

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Special Appropriations

Special Appropriation	Amount Appropriated	Amount Received to Date	Expenditures to Date	Amount to be Reverted	Balance as of 06/30/08
Laws of 2008, 48th Legislature, Chapter 3, Section 5, Item 82 To match the Los Alamos National Laboratory, foundation for the visiting efforts, extension	\$ 333,333	\$ 333,333	\$ -	\$ -	\$ 333,333 reverts in 09
Original Appropriations: Laws of 2006, Chapter 109, Section 5, Item 86. Extension of Time for Original Appropriation. Laws of 2007, Chapter 28, Item 83.	\$ 333,333	\$ 333,333	\$ 333,333	\$ -	\$ - reverts in 08
Laws of 2008, 48th Legislature, Chapter 3, Section 5, Item 83 Lease of Additional Vehicles	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ 300,000 reverts in 09
Laws of 2008, 48th Legislature, Chapter 3, Section 6, Item 25 For costs associated with special audit of Title IV-E university stipend program	\$ 997,900	\$ 997,900	\$ 997,900	\$ -	\$ - reverts in 08
Laws of 2008, 48th Legislature, Chapter 3, Section 6, Item 26 For sheriff's and special needs in the Protective Services area	\$ 1,994,000	\$ 1,994,000	\$ 1,994,000	\$ -	\$ - reverts in 08
<b>Total Special Appropriations</b>	<b>\$ 8,351,566</b>	<b>\$ 8,351,566</b>	<b>\$ 7,021,987</b>	<b>\$ 36,519</b>	<b>\$ 1,293,060</b>

**SINGLE AUDIT INFORMATION**

CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Schedule 25  
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Year Ended June 30, 2008

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Number	Accrued or (Deferred) Revenue at June 30, 2007	Federal Receipts	Federal Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
<b>U.S. Department of Agriculture</b>						
<b>Direct Programs</b>						
Child Care Food Program 04	10.558	12-35-3511	\$ 36,450	\$ (36,450)	\$ -	\$ -
Child Care Food Program 05	10.558	12-35-3511	(21,530)	-	21,530	-
Child Care Food Program 06	10.558	12-35-3511	16,141	(16,141)	-	-
Child Care Food Program 07	10.558	12-35-3511	5,650,521	(13,719,136)	8,065,282	(3,333)
Child Care Food Program 08	10.558	12-35-3511	-	(22,752,610)	26,523,490	3,770,880
Summer Food Service Program 04	10.559	12-35-3511	82,658	(82,658)	-	-
Summer Food Service Program 05	10.559	12-35-3511	(232)	-	232	-
Summer Food Service Program 06	10.559	12-35-3511	(12,538)	-	12,538	-
Summer Food Service Program 07	10.559	12-35-3511	1,977,372	(3,991,216)	1,920,890	(92,954)
Summer Food Service Program 08	10.559	12-35-3511	-	(1,891,051)	3,574,912	1,683,861
State Administrative Expense 06	10.560	12-35-3511	-	-	-	-
State Administrative Expense 07	10.560	12-35-3511	620,302	(1,006,690)	386,388	-
State Administrative Expense 08	10.560	12-35-3511	-	(172,740)	602,125	429,385
<b>Subtotal:</b>			<b>8,349,144</b>	<b>(43,668,692)</b>	<b>41,107,387</b>	<b>5,787,839</b>
<b>U.S. Department of Agriculture</b>						
<b>Passed through NM Department of Education</b>						
National School Lunch - JRC 05-06	10.555	12-35-3523-93	1,442	(1,442)	-	-
National School Lunch - NMBS 05-06	10.555	12-35-3523-93	11,901	(11,901)	-	-
National School Lunch - YDDC 05-06	10.555	12-35-3523-93	15,125	(15,125)	-	-
National School Lunch - JPTC 05-06	10.555	12-35-3523-93	4,705	(4,705)	-	-
National School Lunch - JRC 06-07	10.555	12-35-3523-93	-	-	-	-
National School Lunch - NMBS 06-07	10.555	12-35-3523-93	3,150	(3,150)	-	-
National School Lunch - YDDC 06-07	10.555	12-35-3523-93	36,774	(36,774)	-	-
National School Lunch - JPTC 06-07	10.555	12-35-3523-93	11,679	(11,679)	-	-
National School Lunch - NMBS 07-08	10.555	12-35-3523-93	-	(21,443)	24,943	3,500
National School Lunch - YDDC 07-08	10.555	12-35-3523-93	-	(190,944)	230,128	39,184
National School Lunch - JPTC 07-08	10.555	12-35-3523-93	-	(59,393)	74,945	15,553
<b>Subtotal</b>			<b>84,776</b>	<b>(356,555)</b>	<b>330,016</b>	<b>58,237</b>
<b>U.S. Department of Agriculture</b>						
<b>Passed through NM Human Services Department</b>						
Education and Training 05	10.561	N/A	(11,552)	-	-	(11,552)
Education and Training 06	10.561	N/A	(9,336)	-	-	(9,336)
Education and Training 07	10.561	N/A	83,681	(84,667)	-	(986)
Education and Training 08	10.561	N/A	-	(71,018)	576,831	505,813
<b>Subtotal</b>			<b>62,793</b>	<b>(155,685)</b>	<b>576,831</b>	<b>483,939</b>
<b>Total Department of Agriculture</b>			<b>8,496,713</b>	<b>(44,180,932)</b>	<b>42,014,234</b>	<b>6,330,015</b>

CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2008

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Number	Accrued or (Deferred) Revenue at June 30, 2007	Federal Receipts	Federal Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
U.S. Department of Health and Human Services						
Direct Programs						
Children's Justice FY 05	93.643	G-0501NMCJAI	123,246	(152,870)	29,624	-
Children's Justice FY 06	93.643	G-0601NMCJAI	-	(155,367)	155,367	-
Children's Justice FY 07	93.643	G-0701NMCJAI	-	(13,696)	62,315	48,619
Children's Justice FY 08	93.943	G-0801NMCJAI	-	-	-	-
Headstart Collaboration Grant 06	93.600	06-CD001005	49,355	(157,226)	107,771	-
Headstart Collaboration Grant 07	93.900	06-CD001001	-	(42,856)	100,302	57,446
Child Care Developmental Funds Grant 07	93.596	G-0701NMCDDF	15,498,244	(25,062,547)	9,564,303	-
Child Care Developmental Funds Grant 08	93.596	G-0801NMCDDF	-	(19,661,130)	33,450,270	13,789,140
Family Preservation and Family Support	93.556	G-0601NMOOFP	879,674	(1,617,784)	738,110	-
Family Preservation and Family Support	93.556	G-0701NMOOFP	-	(1,167,402)	2,343,882	1,176,480
Promoting Safe and Stable Families (caseworker visits)	93.556	G-0801NMOOFP	-	-	-	-
Promoting Safe and Stable Families	93.556	G-0601NMFPPS	-	-	-	-
Promoting Safe and Stable Families	93.556	G-0811NMFPCV	-	-	-	-
Promoting Safe and Stable Families	93.556	G-0801NMFPPS	-	-	-	-
Child Abuse and Neglect (CAN) Part 1 03	93.669	G-0301NMCAB1	65,154	(65,154)	-	-
Child Abuse and Neglect (CAN) Part 1 04	93.669	G-0401NMCAB1	-	(116,266)	187,829	71,563
Child Abuse and Neglect (CAN) Part 1 05	93.669	G-0501NMCAB1	-	-	58,065	58,065
Child Abuse and Neglect (CAN) Part 1 06	93.669	G-0601NMCAB1	-	-	-	-
Child Abuse and Neglect (CAN) Part 1 07	93.669	G-0701NMCAB1	-	-	-	-
Child Abuse and Neglect (CAN) Part 1 08	93.669	G-0801NMCAB1	-	-	-	-
CAPTA-Community Based Family Resource Program 05	93.590	G-0501NMFRRPG	142,392	(432,129)	445,550	155,813
CAPTA-Community Based Family Resource Program 06	93.590	G-0601NMFRRPG	-	-	-	-
CAPTA-Community Based Family Resource Program 07	93.590	G-0701NMFRRPG	-	-	-	-
CAPTA-Community Based Family Resource Program 08	93.590	G-0801NMFRRPG	-	-	-	-
Title IV-E Foster Care 03	93.658	G-0301NMI401	1,346,560	-	-	1,346,560
Title IV-E Foster Care 04	93.658	G-0401NMI401	51,145	-	-	51,145
Title IV-E Foster Care 07	93.658	G-0701NMI401	6,424,943	(12,257,464)	5,832,521	-
Title IV-E Foster Care 08	93.658	G-0801NMI401	-	(17,560,511)	22,212,913	4,652,299
Title IV-E Adoptions 03	93.659	G-0301NMI407	(154,318)	-	-	(154,318)
Title IV-E Adoptions 04	93.659	G-0401NMI407	(81,474)	-	-	(81,474)
Title IV-E Adoptions 05	93.659	G-0501NMI407	139,010	-	-	139,010
Title IV-E Adoptions 07	93.659	G-0701NMI407	1,834,574	-	-	1,834,574
Title IV-E Adoptions 08	93.659	G-0801NMI407	-	(3,531,205)	1,636,631	-
Title IV-B CWS 07	93.645	G-0701NMI400	42,162	(8,299,666)	10,169,202	1,869,536
Title IV-B CWS 08	93.645	G-0801NMI400	-	(464,716)	422,554	-
Title IV-E Independent Living 07	93.674	G-0601NMI420	139,470	(1,270,172)	1,270,172	-
Title IV-E Independent Living 08	93.674	G-0701NMI420	-	(395,881)	256,414	-
Education and Training Voucher Program	93.674	G-0801NMI420	-	(354,796)	561,072	206,276
Education and Training Voucher Program	93.599	G-0601NMCETV	43,359	(167,511)	124,152	-
Education and Training Voucher Program	93.599	G-0701NMCETV	-	(48,544)	105,859	57,315
Subtotal			26,603,626	(92,994,999)	89,834,878	25,443,505

CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2008

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Number	Accrued or (Deferred) Revenue at June 30, 2007	Federal Receipts	Federal Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
U.S. Department of Health and Human Services						
Direct Programs						
Family Violence Prevention 05	93.671	G-0801NMFVPS	19,156	(19,156)	-	-
Family Violence Prevention 06	93.671	G-0601NMFVPS	131,858	(954,093)	822,235	-
Family Violence Prevention 07	93.671	G-0701NMFVPS	-	(14,144)	59,651	45,307
Family Violence Prevention 08	93.671	G-0801NMFVPS	-	-	-	-
Title XX SOSR 07	93.667	G-0701NMSOSR	256,630	(2,802,835)	2,546,205	-
Title XX SOSR 08	93.667	G-0801NMSOSR	-	(8,195,292)	8,410,508	215,216
Title XX 06 Katrina Fund	93.667	G-0601NMSOS2	-	-	-	-
Adoption Incentiative Payment Program	93.603	G-0601NMAIPP	-	(189,454)	189,454	-
Adoption Incentiative Payment Program	93.603	G-0701NMAIPP	-	(2,446)	50,189	97,743
Access & Visitation Program 05	93.597	G-0501NMSAVP	26,316	(20,316)	-	-
Access & Visitation Program 06	93.597	G-0601NMSAVP	21,513	(72,292)	78,387	27,708
Access & Visitation Program 07	93.597	G-0701NMSAVP	-	-	19,113	19,113
Access & Visitation Program 08	93.597	G-0801NMSAVP	-	-	-	-
Behavioral Health System Transformation Grant	93.243	1-U79-SMS7464-01	-	(231,028)	231,028	-
Behavioral Health System Transformation Grant (carryover year 1)	93.243	6U79SM57464-02-01	1,828,318	(1,828,318)	42,263	42,263
Behavioral Health System Transformation Grant (year 2)	93.243	5-U79SM57464-02	1,947,805	(1,947,805)	-	-
Behavioral Health System Transformation Grant (carryover year 2)	93.243	5-U79SM057464-03	-	(449,002)	465,863	16,861
Behavioral Health System Transformation Grant (year 3)	93.243	5-U79SM057464-03	-	(189,904)	518,616	328,712
Subtotal			4,225,696	(16,916,085)	13,483,512	793,123
U.S. Department of Health and Human Services						
Passed through NM Human Services						
Child Care Development Funds	93.596	G-0701NMCDDF	8,123,660	(16,156,370)	8,032,710	-
Child Care Development Funds	93.596	G-0801NMCDDF	-	(16,046,575)	24,186,590	8,140,015
TANF (Domestic Violence) FY 05	93. unknown	N/A	244,898	(244,898)	-	-
TANF (Domestic Violence) FY 06	93. unknown	N/A	(71,327)	-	-	(71,327)
TANF (Domestic Violence) FY 07	93. unknown	N/A	1,476,174	(1,476,174)	-	-
TANF (Domestic Violence) FY 08	93. unknown	N/A	-	(1,513,838)	2,105,883	592,045
Subtotal			9,773,405	(35,457,355)	34,325,183	8,660,733
Total Department of Health and Human Services						
			42,602,727	(145,348,939)	137,643,573	32,897,361

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2008

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Number	Accrued or (Deferred) Revenue at June 30, 2007	Federal Receipts	Federal Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
U.S. Department of Justice						
Direct Programs						
Juvenile Accountability Incentive Block Grant	16.523	2004-JB-FX-0064	(106,012)	-	165,012	-
Juvenile Accountability Incentive Block Grant	16.523	2005-JB-BX-0053	-	(169,736)	427,224	257,488
Juvenile Accountability Incentive Block Grant	16.523	2006-JB-FX-0054	-	-	-	-
Juvenile Accountability Incentive Block Grant	16.523	2007-JB-FX-0071	-	-	-	-
Juvenile Accountability Incentive Block Grant	16.523	2008-JB-FX-0008	-	-	-	-
JJDP Formula Grant	16.540	2004-JF-FX-0064	13,470	(13,470)	-	-
JJDP Formula Grant	16.540	2004-JF-FX-0072	182,000	(182,000)	-	-
JJDP Formula Grant	16.540	2005-JF-FX-0042	339,787	(356,801)	17,014	-
JJDP Formula Grant	16.540	2005-JF-FX-0062	5,330	(180,000)	174,670	-
JJDP Formula Grant	16.540	2006-JF-FX-0047	30,063	(368,446)	384,298	45,915
JJDP Formula Grant	16.540	2007-JF-FX-0025	-	-	34,529	34,529
JJDP - Title V	16.540	2005-JP-FX-0014	12,724	(90,514)	77,790	-
JJDP - Title V	16.540	2006-JP-FX-0054	-	(30,000)	30,000	-
JJDP - Title V	16.540	2007-JP-FX-0012	-	-	-	-
Enforcing the Underage Drinking Laws Block Grant (Rural Communities)	16.727	2004-AH-FX-0053	149,503	(149,503)	-	-
Enforcing the Underage Drinking Laws Block Grant	16.727	2005-AH-FX-0004	217,489	(217,490)	1	-
Enforcing the Underage Drinking Laws Block Grant	16.727	2006-AH-FX-0042	-	(95,423)	266,728	171,305
Enforcing the Underage Drinking Laws Block Grant	16.727	2007-AH-FX-0013	-	-	-	-
Short Term Foster Care	2006-JL-FX-K016	-	41,094	(292,890)	251,796	-
Enhancement - Facility Based Native American Program	2006-JL-FX-0293	-	-	(14,538)	24,568	10,130
Total Department of Justice			885,448	(2,160,811)	1,794,730	519,367

CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2008

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Number	Accrued or (Deferred) Revenue at June 30, 2007	Federal Receipts	Federal Expenditures	Accrued or (Deferred) Revenue at June 30, 2008
U.S. Department of Education						
Passed through NM Department of Education						
Title I 03-04	84.013	N/A	16,883	(16,883)	-	-
Title I 04-05	84.013	N/A	124,305	(124,305)	-	-
Title I 05-06	84.013	N/A	33,628	(33,628)	-	-
Title I 06-07	84.013	N/A	13,694	(13,694)	-	-
Title I 07-08	84.013	N/A	-	(26,932)	163,152	136,220
Title II 04-05	84. unknown	N/A	326	(326)	-	-
Title II 07-08	84. unknown	N/A	-	-	-	-
Title IV-05	84. unknown	N/A	281	(281)	-	-
Title IV-06	84. unknown	N/A	1,140	(1,140)	-	-
Title V-A 03-04	84. unknown	N/A	407	(407)	-	-
Title V 04-05	84. unknown	N/A	1,310	(1,310)	-	-
Title V 05-06	84. unknown	N/A	901	(901)	-	-
Title V 07-08	84. unknown	N/A	-	-	-	-
Title VI 00-01	84. unknown	N/A	2,865	(2,865)	-	-
Carl Perkins Grant 03-04	84. unknown	N/A	949	(949)	-	-
School Library Go Bond 08	84. unknown	N/A	-	-	10,511	10,511
			196,689	(223,621)	173,663	146,731
Total Department of Education						
Commission for National & Community Service						
Americorps Admin	94.006	07CAHNM001	98,789	(198,181)	151,543	52,151
Americorps Training	94.006	U05PTHNM001	35,615	(117,044)	81,429	-
Americorps Training	94.006	U08PTHNM001	-	(16,190)	56,919	40,729
Americorps Disability	94.006	05CDHNM001	15,000	(30,000)	15,000	-
Americorps Disability	94.006	08CDHNM001	-	-	24,679	24,679
Americorps Competitive	94.006	06ACHNM001	293,140	(705,674)	851,735	439,201
Americorps Formula	94.006	06AFHNM001	207,216	(537,122)	521,215	191,309
			649,760	(1,604,211)	1,702,520	748,069
Total Commission for National & Community Service						
			\$ 50,831,337	\$ (193,518,514)	\$ 183,328,720	\$ 40,641,543
TOTAL FEDERAL FINANCIAL ASSISTANCE						



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Notes to Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2008**

**Note A. Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards is prepared on modified accrual basis of accounting, which is described in Note 2.E. to the Department's financial statements.

Federal grant revenues collected in advance of the period they are intended to finance expenditures are recorded as deferred revenues.

The Department did not receive any non-cash assistance, loan guarantees or insurance from federal services during the current fiscal year.

**Note B. Reconciliation to Governmental Funds Financial Statements**

The Department receives federal revenue under case management and other contracts in which it has a vendor relationship. These amounts are excluded from the schedule of expenditures of federal awards:

Federal revenue earned per schedule and per Exhibit 5	<u>\$ 183,328,720</u>
Federal financial assistance receivable per schedule	\$ 40,641,544
Deferred revenue relating to advances received per the schedule	<u>425,279</u>
Federal grants receivable per Note 4	<u><u>\$ 41,066,823</u></u>

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2008

Note C. Funds Passed through to Subrecipients

Federal expenditures include funds passed through to subrecipients as follows:

<u>CFDA</u>	<u>YTD EXP</u>	<u>CFDA FEDERAL PROGRAM TITLE</u>	<u>GRANTOR</u>
16.523	\$ 170,405	Juv Account Incentive Blk Grant	U.S. Department of Justice
16.510	164,997	Juv Account Incentive Blk Grant	U.S. Department of Justice
16.501	164,590	Juv Account Incentive Blk Grant	U.S. Department of Justice
93.596	3,689,143	Child Care Development Funds	U.S. Department of Health and Human Services
93.600	16,000	Headstart Collaboration Grant	U.S. Department of Health and Human Services
93.243	286,191	Behavioral Health System Transformation Grant	U.S. Department of Health and Human Services
93.597	97,500	Access & Visitation Grant	U.S. Department of Health and Human Services
93.590	439,992	CAPTA-Community Based Family Resource Program	U.S. Department of Health and Human Services
16.727	215,377	Enforcing the Underage Drinking Laws Block Grant	U.S. Department of Justice
93.958	248,713	Block Grants for Community Mental Health Services	U.S. Department of Health and Human Services
94.003	52,000	Americorps Training	U.S. Commission for National & Community Service
94.006	40,265	Americorps Competitive and Formula Grant	U.S. Commission for National & Community Service
94.009	15,932	Americorps Disability	U.S. Commission for National & Community Service
93.556	2,667,282	Family Preservation and Family Support	U.S. Department of Health and Human Services
93.603	75,000	Adoption Incentive Payment Program	U.S. Department of Health and Human Services
16.540	29,945	JJDP Formula Grant	U.S. Department of Justice
93.669	138,291	Child Abuse and Neglect (CAN) Part I	U.S. Department of Health and Human Services
93.599	71,250	Education and Training Voucher Program	U.S. Department of Health and Human Services

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2008

<u>CFDA</u>	<u>YTD EXP</u>	<u>CFDA FEDERAL PROGRAM TITLE</u>	<u>GRANTOR</u>
93.674	23,750	Title IV-E Independent Living	U.S. Department of Health and Human Services
93.658	3,034,779	Title IV-E Foster Care	U.S. Department of Health and Human Services
93.556	144,997	Family Preservation and Family Support	U.S. Department of Health and Human Services



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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Mr. Hector Balderas,  
New Mexico State Auditor  
and  
Dorian Dodson, Secretary,  
Children, Youth and Families Department

We have audited the financial statements of the governmental activities, the general fund, the general fund budget comparison, and the aggregate remaining fund information of the State of New Mexico Children, Youth and Families Department (the Department), as of and for the year ended June 30, 2008, which collectively comprise the Department's basic financial statements and have issued our report thereon dated December 10, 2008. We have also audited the financial statements of each of the Department's non major governmental funds, the budgetary comparison for the components of the general fund and non major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Department's financial statements that is more than inconsequential will not be prevented or detected by the Department's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs in Section B to be a significant deficiency in internal control over financial reporting. The significant deficiency is described in 08-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Department's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of 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 that are required to be reported under *Government Auditing Standards* as findings 08-01 and 06-10. We noted other instances of noncompliance that are required to be reported *Government Auditing Standards*, paragraph 5.14 and 5.16 and per section 12-6-5 NMSA 1978 which are described in the accompanying as findings accompanying schedule of findings and questioned costs as findings 08-02 and 06-06.

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

This report is intended solely for the information and use of the Department, State of New Mexico Office of the State Auditor, New Mexico Legislature, the New Mexico Department of Finance and Administration, federal awarding agencies, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



December 10, 2008

"23 Years of Excellence"



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**Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

Mr. Hector Balderas,  
New Mexico State Auditor  
and  
Dorian Dodson, Secretary,  
and  
Children, Youth and Families Department

Compliance

We have audited the compliance of the State of New Mexico Children, Youth and Families Department (the Department) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Department's management. Our responsibility is to express an opinion on the Department's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Department's compliance with those requirements.

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of non compliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 07-01 and 06-10.

## Internal Control Over Compliance

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Department's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be significant deficiency.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as questioned costs as item 08-01 to be significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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

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



December 10, 2008

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Status of Prior Year Audit Findings**

**Year Ended June 30, 2008**

<u>Audit Finding Number</u>	<u>Description</u>	<u>Modified or Partially Resolved and Repeated</u>	<u>Resolved</u>	<u>Current Year Audit Finding No.</u>
07-01	Computer conversion and Reconciliations	✓		07-01
06-02	Disbursements		✓	
06-06	Cash Deposits	✓		06-06
06-09	Late Filing of Financial Reports		✓	
06-10	Child Care Development Funds	✓		06-10
07-02	Sub-recipient Monitoring		✓	



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2008**

**A. Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the State of New Mexico, Children, Youth and Families Department (Department).
2. The significant deficiency relating to the audit of the financial statements as reported in the Schedule of Findings and Questioned Costs is not considered to be material weakness.
3. No instances of noncompliance material to the financial statements of the Department were disclosed during the audit.
4. One significant deficiency relating to the audit of the major federal award programs is reported. The significant deficiency is not reported as a material weakness.
5. The auditors' report on compliance for the major federal award programs for the Department expresses an unqualified opinion.
6. There are two current year findings and a follow up of four prior year findings relating to the audit of internal control over major federal award programs that we are required to be reported under 510(a) of Circular A-133.
7. The programs tested as major programs included:

<b>Program Name</b>	<b>CFDA Number</b>
Summer Food Service	10.559
Child Care Development	93.596
Title XX	93.667
Child and Adult Food Program	10.558
Family Preservation and Support	93.556
Title IV E Foster Care	93.658
Title IV E Adoption	93.659
Family Violence	93.671

8. The threshold for distinguishing Type A and B programs was \$3,000,000.
9. The Department was determined to be a high-risk auditee.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2008**

**B. Findings – Financial Statement Audit and Single Audit Finding (All Federal Programs)**

**07-01 Computer Conversion and Reconciliations**

Condition:

Effective July 1, 2006, the Department had converted to a new accounting system (SHARE) which the grant module is not operational. The Department maintained subsidiary schedules to track federal draws and made the entries to properly record federal revenue to the general ledger as part of the year end audit process.

- The Department did not receive the listing of stale dated warrants from the State Treasurer's Office as of the date of auditors' report of December 10, 2008. Any reconciling items such as old outstanding checks identified from the State Treasurer's Office reconciliations that needed to be recorded as part of the reversion to DFA by the Department were not provided and accordingly not recorded. Also the amount of State Investment Pool increased by approximately \$6,900 after the year end close.

Criteria:

The Department does not receive timely information from the State Treasurer's Office regarding outstanding warrants or why State Investment Pool balances changed after the year end close. The federal revenues should be reconciled by individual fund and component parts of the general fund before the year end audit process starts.

Effect:

We noted one exception in overbilling the amounts reported for federal fund expenditures, however the lack of the grant module to properly record federal revenue to the SHARE general ledger increases the risk that federal reporting could be incorrect. State Treasurer Investment Pool balances changed after the year end close of the accounting system.

Cause:

The grant module has not been implemented during the current fiscal year. Insufficient resources were provided to the Department to implement the grant module and to perform timely reconciliations of federal revenues recorded to the SHARE general ledger to the draws during the year and corresponding entries during the year. The increase in the State Investment Pool balance was caused by entries made after the year end close posted by the State Treasurer's Office.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2008**

**B. Findings – Financial Statement Audit and Single Audit Finding (Continued)**

**07-01 Computer Conversion (Continued)**

Recommendation:

The reconciliation of federal revenue to the draws and the effect of accounts payable to determine the amount due from the federal government is a time consuming effect. The Department needs to receive adequate resources to determine if the grant module of the new computer system can ensure the billings to the federal government and the corresponding recording of federal revenue, accounts payable, deferred revenue, and other corresponding entries are done timely to the SHARE general ledger.

Management Response:

The Department of Finance and Administration (DFA) manages the SHARE accounting system. Although many state agencies would benefit from the implementation of the Grants module, DFA is the agency that is responsible to request the funding and to implement the module. CYFD will continue to support DFA in their efforts to acquire the resources needed for implementation.

In the mean time CYFD staff will continue to work to reconcile federal revenue recorded to federal grant draw downs on a quarterly basis. CYFD will use the reporting category structure instead of a project code structure in SHARE to capture federal transactions. CYFD will also work independently to validate, reconcile and record federal revenue, deferred revenue, accounts payable and receivable transactions.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2008**

**B. Findings – Financial Statement Audit**

**06-06 Cash**

Condition:

In our sample of 12 cash receipts and 7 subsequent cash receipts, 4 receipts and 3 receipts, respectively, to the Federal Grants Division were not sent to the Finance Department for deposit timely.

Criteria:

Compliance with 6-10-3 NMSA 1978 Public Money Act regarding timely deposits by the following business day to comply with state law. We did note when the checks were sent to the Finance Department the checks were deposited timely.

Effect:

Non-compliance with applicable state law and regulation regarding timely deposits of checks. The risk of checks being misplaced or lost increases if deposits are not made timely.

Cause:

The checks are received by various individuals and then forwarded to the Federal Grants Division.

Recommendation:

The Department should notify all parties (including DFA) to address checks to the appropriate location and implement more efficient procedures for forwarding cash receipts to the Federal Grants Division to ensure timely deposits of receipts by the end of the next business day in order to comply with 6-10-3 NMSA 1978.

Management Response:

SHARE can accommodate two vendor addresses for a state agency, one for HCM transactions and the other for financial transactions. The SHARE vendor file has been updated to identify one vendor codes for HCM transactions and the other for financial transactions. In both cases, B warrants generated will be sent to Administrative Services Division Director's office. This change will allow all warrants to be sent to one place so they can be routed to the Financial Management Bureau or Grants Management Bureau for immediate processing. CYFD will encourage other state agencies to issue operating transfers instead of B warrants. This process will eliminate the deposit requirements.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2008**

**B. Findings – Financial Statement Audit (Continued)**

**08-02 – Capital Assets**

Condition:

During our walkthrough of capital assets at the YDDC Albuquerque location we noted discrepancies between information provided from Santa Fe and the Albuquerque field office. Approximately \$81,000 of fully depreciated assets could not be located but we were informed these assets were disposed of in prior years and the final report of the asset listing did not agree to the asset listing certified by the field office by approximately \$139,000 of fully depreciated assets.

Criteria:

Compliance with capital asset internal controls to properly account for capital assets with an annual inventory.

Effect:

We noted differences between the fixed asset listing and out testwork. We were informed there were fully depreciated assets disposed of but still on the Department fixed asset listing, thus the annual inventory may not have been performed properly.

Non-compliance with capital asset internal controls.

Cause:

Internal control procedures are not being followed by staff regarding the disposal of fixed assets. Difference noted by the annual certification of the Albuquerque field office are also not being resolved timely.

Recommendation:

The Department should take another inventory of the fixed assets of the Albuquerque field office to resolve the discrepancies noted.

Management Response:

Although the records of the Administrative Services Division (ASD) and the field site should be identical, the official book of record is the record of ASD. ASD staff conducted the physical count based on the list on record (working list) at the time of the physical count, then adjusted the amounts based on the results of the physical count. Many fully depreciated IT items were disposed of and had not been removed from the original list (working list). The fixed asset record has been updated to reflect the results of the physical count. Since there were many corrections to this list, a follow-up physical count will be scheduled in the Spring of 2009.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2008**

**C. Findings and Questioned Costs – Major Federal Award Programs Audit (Continued)**

**06-10 Child Care Development Funds**

CFDA #93.596  
Child Care Development Funds  
U.S. Department of Health and Human Services

Criteria:

The Child Care and Development Plan, section 6.6 requires that corrective action, sanctions, and corresponding follow-up actions be taken as applicable.

Statement of Condition:

The Child Care and Development Plan, section 6.6 was not consistently followed.

Questioned Cost:

None.

Cause:

Resources were not available until after the 2008 fiscal year to perform follow up inspections.

Effect:

Corrective action has not been fully completed during the 2008 fiscal year. Staffing was not available until after June 30, 2008 in all districts to permit additional follow-up inspections. Licensed childcare centers may continue to exhibit the same deficiencies without sanction or follow-up to prevent the deficiencies from recurring.

Recommendation:

Follow up inspections should be performed in a timely fashion after the original inspection is completed.

Management Response:

CYFD purchased the hardware and software application that will allow licensing staff to perform surveys more efficiently. This automated system will track deficiencies, provide administrative data on deficiencies statewide, allow for timely monitoring and follow-up resulting in corrective action implementation. Training on the new application occurred on June 25, 2008, to all licensing staff. Staff were issued the laptop computers and instructed to begin conducting inspections for Child Care Centers at the June 25, 2008 training.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2008**

**C. Findings and Questioned Costs – Major Federal Award Programs Audit (Continued)**

Finding relating to both the Financial Statements and Federal Awards is:

CFDA #93.596

**08-01 Internal Audit Function – Significant Deficiency**

Condition:

During the 2008 Fiscal Year, a fraud was detected that had been ongoing for several years. Approximately \$436,000 loss occurred. The fraud was perpetrated by employees that were not detected timely because there was no outside on-site internal audit of the program expenditures. Also due to the criminal investigation by the District Attorney, the Department was advised not to notify the Office of the State Auditor immediately once the fraud was detected.

Criteria:

Internal controls and procedures are in place to prevent and detect fraudulent activity; however employees can conspire to override the Department's internal controls. An active internal audit function can be used to detect and prevent fraudulent activity. Also, to comply with the State Auditor Rule an active internal audit function can also inform the Office of State Auditor of its findings.

Effect:

The Department's internal audit function does not have adequate resources to perform on-site internal audits of the Department's various locations.

Questioned Costs:

The Department has recorded a liability of approximately \$327,000 to the Federal Government.

Cause:

The Department's internal audit function has not had resources allocated to conduct on-site internal audits of the Department's programs. The Department has many locations throughout the State. The employees at these locations have the ability to authorize and approve the disbursements. Even if there is separation of duties, collusion by employees can override that control.

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2008**

**C. Findings and Questioned Costs – Major Federal Award Programs Audit (Continued)**

**08-01 Internal Audit Function (Continued)**

Recommendation:

The Department's size and many locations need to have ongoing internal audits performed to assist the Department in preventing and detecting fraudulent activity. The internal audit reports and findings can also be provided to the Office of the State Auditor if any fraud is detected.

Management Response:

In April 2008 the Early Childhood Services Division (formerly referred to as Family Services Division) implemented a major security enhancement within the service delivery system (FACTS). The enhancement being referred to is the modification and review of all security groups within the FACTS system. Modification of the child care worker security group consisted of eliminating a child care worker and child care supervisor from having the ability to create and/or maintain a provider record. In addition, the Childhood Services Division implemented a procedural change in the way registered child care providers are entered and maintained in FACTS, that change being centralization of those duties. As of that date registered providers are no longer created or maintained by any field office in the state but rather by staff within the Santa Fe central office.

The Early Childhood Services is currently in the process of developing onsite internal audit function as required by the Federal Child Care and Development Fund regulations. The detailed federal reporting requirement can be found in Subpart K sections 98.100 through 98.102 of the CCDF Regulations 45 CFR 98 and 99. As a result of this reporting requirement, in approximately July 2008 two staff were designated the duties of child care reviews/audits. In December 2008 the Early Childhood Services Division will conduct a pilot audit/case review exercise of 100 randomly selected child care cases throughout the state. The division's first report is due to the Administration of Children and Families Child Care Bureau by June 30, 2010. New Mexico is only required to submit this report to ACF once every three years, however, the Early Childhood Services Division understands the need for ongoing child care case audits and therefore has committed the two case reviewers mentioned above to fulltime case audit/review duties.

The Department has requested funding for an Internal Audit Unit. It will be the responsibility of this unit to notify the State Auditor's Office when a fraudulent act occurs.



**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2008**

**D. Current Status of Prior Year Findings – Major Federal Award Programs Audit**

<u>Prior Year Audit Finding Number</u>	<u>Description</u>	<u>Modified or Partially Resolved and Repeated</u>	<u>Resolved</u>	<u>Current Year Audit Finding No.</u>
07-01	Reconciliation of Federal Revenue	✓		07-01
06-09	Late Filing of Financial Reports		✓	
06-10	Child Care Development Funds	✓		06-10
07-02	Sub-recipient Monitoring		✓	

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT**

**Exit Conference**

**June 30, 2008**

The financial statements were prepared by the Department from the Departments books and records.

An exit conference was held on December 11, 2008 to discuss the audit report and audit findings.

Those in attendance were as follows:

Children Youth and Families Department

Dorian Dodson	Secretary
William Dunbar	Deputy Secretary
Marcella Ortega	ASD Director
Rick Crespin	ASD – Deputy Director Budget/Finance
Annette Romcro	Budget Director
Sandra Salazar	Bureau Chief
Reese McAlister	Federal Grant Manager
Bernice Tapia	Financial Accounting Section Manager

Barraclough & Associates, P.C.

Douglas W. Fraser	Senior Audit Manager
Lynette Kennard	In-Charge