

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

FINANCIAL STATEMENTS AND SCHEDULES

(With Independent Auditors' Reports Thereon)

FISCAL YEAR ENDED JUNE 30, 2010



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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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INTRODUCTORY SECTION

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CHILDREN, YOUTH AND FAMILIES DEPARTMENT
OFFICIAL ROSTER
JUNE 30, 2010

Name	Title
Dorian Dodson	Secretary
Marisol Atkins	Deputy Cabinet Secretary
William Dunbar	Deputy Cabinet Secretary
Debra Pritchard	Director of Juvenile Justice Services
Richard Crespin	Acting Director of Administrative Services
Jared Rounsville	Acting Director of Protective Services
David Martinez	Director of Youth and Family Services
Marisol Atkins	Acting Director of Early Childhood Services
Crawford Spooner	Chief Information Officer

Effective July 1, 2010, William Dunbar became the Department Secretary.

"25 Years of Excellence"



Barracough & Associates, P.C.
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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.

Independent Auditors' Report

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, 2010, 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, 2010, 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.

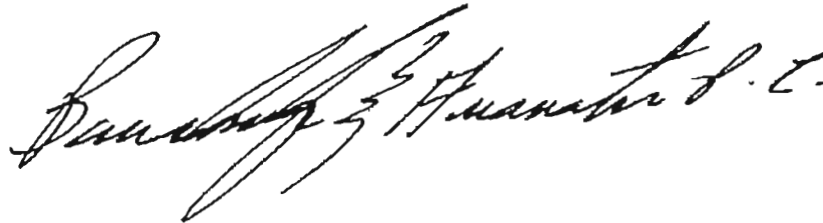
As discussed in Note 2, the basic financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the State of New Mexico that 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, 2010, 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, 2010, 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, 2010, 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, 2010 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, 2010

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
(Unaudited)

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, 2010. 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 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.
- Additional details about the basic financial statements are found in the *Notes to the Financial Statements* and the *Other Supplementary Information* sections.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
(Unaudited)

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, 2010</u>	<u>Prior Year - June 30, 2009</u>	<u>Increase or (Decrease)</u>	<u>Percentage Change</u>
Assets				
Current assets	\$65,994,845	\$58,909,926	\$7,084,919	12.03%
Capital assets	1,650,795	1,279,786	371,009	28.99%
Total assets	\$67,645,640	\$60,189,712	\$7,455,928	12.39%
Liabilities				
Current liabilities	\$54,127,171	\$49,457,560	\$4,669,611	9.44%
Long-term liabilities	1,948,574	2,128,711	(180,137)	-8.46%
Total liabilities	\$56,075,745	\$51,586,271	\$4,489,474	8.70%
Net assets				
Invested in capital assets	\$1,650,795	\$1,279,786	\$371,009	28.99%
Restricted	16,184,621	14,128,211	2,056,410	14.56%
Unrestricted	(6,265,521)	(6,804,556)	539,035	7.92%
Total net assets	\$11,569,895	\$8,603,441	\$2,966,454	34.48%
Program revenues and expenses				
Program revenues	\$205,264,852	\$197,592,506	\$7,672,346	3.88%
Program expenses	391,235,887	397,339,036	(6,103,149)	-1.54%
Net revenue (expense)	(185,971,035)	(199,746,530)	13,775,495	-6.90%
General revenues (expenses)				
General Fund appropriations	\$201,350,100	\$201,096,500	\$253,600	0.13%
Other sources	4,047,797	3,535,417	512,380	14.49%
Other uses	(6,633,916)	(9,107,068)	(2,473,152)	-27.16%
Total general revenues (expenses)	\$198,763,981	\$195,524,849	\$3,239,132	1.66%
Reversion to State General Fund	(\$9,826,492)	(\$2,729,625)	(\$7,096,867)	259.99%
Change in net assets	2,966,454	(6,951,306)	9,917,760	142.67%
Beginning net assets	8,603,441	15,554,747	(6,951,306)	-44.69%
Ending net assets	\$11,569,895	\$8,603,441	\$2,966,454	34.48%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
(Unaudited)

Significant factors impacting the Department's financial position and results of operations during the year ended June 30, 2010 are as follows:

- *Current Assets* increased by \$7,084,919 or 12.03 percent. This net increase consists of many changes over the prior year as follows: State Fund Investment Pool (increase of \$15,388,019), Due from Other Funds (decrease of \$5,034,890) and Due from Other Agencies (increase of \$4,407,438). The increase in the State Fund Investment Pool balances are due to the fiscal year 2010 Executive Order 2009-044 of a budget cut of \$6,023,000 transfer that was not processed by DFA until fiscal year 2011. The agency also improved in its determination of the amounts due from other agencies, which accounts for much of the increase in this account.
- *Capital Assets and Investment In Capital Assets* decreased by \$371,009 or 28.99 percent due to budget constraints during the fiscal year and the increase in asset dispositions.
- *Total Assets* increased by \$7,455,928 or 12.39 percent. See discussions under *Current Assets* and *Capital Assets and Investment in Capital Assets* above.
- *Current Liabilities* increased by \$4,669,611 or 9.44 percent due to increases in several of the liability accounts as follows: Due to State General Fund (increase of \$6,881,053); Accrued payroll (increase of \$2,829,638); Deferred Revenues (increase of \$2,530,317); Compensated Absences (decrease of \$420,322). Much of the increase in the due to state general fund liability was comprised of the Governors Executive Order 2009-044 Solvency Plan (HB 2, Ch. 6, Section 10) which mandated a reduction of \$6,023,000 in state government spending and mandated state government furlough of \$1,054,000.
- *Long-Term Liabilities* decreased by \$180,137 or 8.46 percent. The decrease represents the usage of compensated absences and fewer employees.
- *Total Liabilities* increased by \$4,489,474 or 8.7 percent. See discussion under *Current Liabilities* above.
- *Restricted Net Assets* increased by \$2,056,410 or 14.56 percent due mainly to increases in the restrictions of the Children's Trust Fund – Permanent and Subsequent years expenditures.
- *Unrestricted Net Assets* deficit decreased by \$539,035 or 7.92 percent since restricted assets for non-reverting Pre Kindergarten and Regional Juvenile Services activities were reserved in the current year.
- *Total Net Assets* increased by \$2,966,454 or 34.48 percent. See discussion under *Current Assets* and *Current Liabilities* above.
- *Program Revenues* increased by \$7,672,346 or 3.88 percent. The majority of this increase was due to increased funding of \$13,239,112 received from the enactment of the American Recovery and Reinvestment Act (ARRA) for Title IV-E Foster Care and Adoption Assistance, Child Care Development funds, and AmeriCorps funds. Some of this increase in ARRA funding was offset by decreased revenues in other federal grants as the department was not able to expend general fund dollars in order to get the federal match.
- *Program Expenses* decreased by \$6,103,149 or 1.54 percent due mainly to a decrease in budget spending due to the Governors Executive Order 2009-044 Solvency Plan (HB 2, Ch. 6, Section 10) which mandated a reduction of \$6,023,000 in state government spending and mandated state government furlough of \$1,054,000.

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For the Year Ended June 30, 2010
(Unaudited)

- *Deficiency of Program Revenues over Program Expenses* decreased by \$13,775,495 or 6.9 percent. See discussion under *Program Revenues* and *Program Expenses* above.
- *General Fund Appropriations* increased by \$253,600 or 0.13 percent over the prior year's appropriations.
- *Other Sources (Transfers In)* increased by \$512,380 or 14.49 percent. The majority of the increase is due to the \$2,000,000 that was received from the Human Services Department (HSD) for Capital Projects funds appropriated in Laws of 2008, Chapter 92, Section 53. Although the agency received the funds from HSD, funds received from other agencies decreased from the prior fiscal year, which offset the transfer from HSD. The major factor for this offset is agencies did not receive funds for the compensation package in fiscal year 2010.
- *Other Uses (Transfers Out)* decreased by \$2,473,152 or 27.16 percent. In fiscal year 2009, the agency transferred out \$5,800,000 of its fund balance to the Department of Finance and Administration (DFA). In the following fiscal year, the agency transferred out \$920,816 of its fund balance to DFA. The transfers out increased for the Human Services and Adult Long Term Services Departments. Essentially, there were increases and decreases that resulted in the \$2,533,092 decrease.
- *A Reversion to State General Fund* increased by \$7,096,867 or 259.99 percent. The additional reversion amount included \$7,077,000 in unspent general fund appropriations due to the Governors Executive Order 2009-044 Solvency Plan (HB 2, Ch. 6, Section 10) which mandated a reduction in state government spending and mandated state government furloughs.
- *Change in Net Assets* increased by \$9,917,760 or 142.67 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	Prior Year	Increase or	Percentage
		June 30, 2009	June 30, 2009	(Decrease)	Change
General Fund	--	\$6,321,146	\$6,815,384	(\$494,238)	-7.25%
Reserved					
General Fund	--	\$0	\$0	\$0	0.00%
Unreserved					
Capital Projects		\$0	\$0	\$0	0.00%
Total		\$6,321,146	\$6,815,384	(\$494,238)	-7.25%

STATE OF NEW MEXICO
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 MANAGEMENT'S DISCUSSION AND ANALYSIS
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In the prior year's financial statements, other governmental funds accounted for 15.5 percent of total assets and 2.40 percent of total liabilities compared with 11.87 percent total assets and 2.91 percent total liabilities in the current year.

GENERAL BUDGETARY HIGHLIGHTS

Due to downfall in the economy, the State of New Mexico did not receive anticipated revenues expected when appropriating general fund allocations for the fiscal year 2010 operating budget cycle. To balance the budget in fiscal year 2010 cuts were made. In addition the Governors Executive Order 2009-044 (HB 2, Ch. 6, Section 10) concerning the fiscal year 2010 budget gap required state agencies to reduce fiscal year 2010 operating expenditures by a mandated reduction in state government spending of \$6,023,000 for CYFD and mandated state government furloughs of \$1,054,000 for CYFD employees.

In fiscal year 2009, the Federal Government enacted ARRA that resulted in additional federal revenue available to states. During fiscal year 2010, the Department received additional revenue in the Title IV-E Foster Care and Adoption grant due to an increase in the federal participation rate. In State Fiscal Year 2010 the Federal participation rate of 71.35% increased to 77.55%, a percentage increase of 6.2. In addition there were Child Care Development Block and AmeriCorps ARRA funding that the agency was awarded resulting in total ARRA funding of \$21,929,671. The agency received a total of \$13,239,112 in ARRA funding in fiscal year 2010. All ARRA funds falls under the approved ARRA fund (89000). Federal funds were budgeted to carry out the provisions of ARRA. These funds are available from October 1, 2008 to December 31, 2010.

Original budgeted federal revenue and expenditures in the major funds increased from \$134,159 to \$137,995 during the year ending June 30, 2010. This was due to more funds being available as some of the departments federally funded programs incurred greater costs during the fiscal year. The original Other Sources budgeted revenues and expenditures for the major funds increased from \$43,389 to \$54,790 mainly due to more TANF dollars being transferred from the Human Services Department for child care eligibility costs.

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 Act, Laws of 2009, Chapter 124, Section 4 for the year ended June 30, 2010 were:

<u>TYPE</u>	<u>MEASURE</u>	<u>TARGET</u>	<u>RESULT</u>
Youth and Family Services:			
Outcome	Percent of domestic violence offenders who completed a batterer's intervention program	70.0%	60.5%
Outcome	Percent of children in state funded pre-kindergarten showing measurable progress on the preschool readiness kindergarten tool	68.5%	Note#1
Output	Percent of clients re-adjudicated within two years of previous adjudication	5.8%	6.2%

STATE OF NEW MEXICO
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<u>TYPE</u>	<u>MEASURE</u>	<u>TARGET</u>	<u>RESULT</u>
Output	Percent of clients who complete formal probation	90.00%	90.60%
Outcome	Percent of adult victims or survivors receiving domestic violence services who have an individualized safety plan	70.00%	92.40%
Protective Services:			
Outcome	Percent of children in foster care for 12 months with no more than two placement settings.	80.50%	77.00%
Outcome	Percent of children reunified with their natural families in less than 12 months of entry into care.	69.90%	71.50%
Outcome	Percent of children adopted within 24 months from entry into foster care.	28.30%	23.40%
Output	Percent of children who are not the subjects of substantiated maltreatment while in foster care.	99.68%	99.67%
Outcome	Percent of children who are not the subjects of substantiated maltreatment within six months of a prior determination of substantiated maltreatment.	91.50%	91.40%
Juvenile Justice Services:			
Output	Percent of possible education credits earned by clients in juvenile justice division facilities.	47.00%	60.30%
Outcome	Percent of juvenile justice division facility clients age eighteen and older who enter adult corrections within two years after discharge from a juvenile justice facility.	6.00%	3.70%
	Percent of incidents in juvenile justice services facilities requiring use of force resulting in injury.	3.0%	2.7%
Outcome	Percent of clients recommitted to a children, youth and families department facility within two years of discharge from facilities.	10.00%	7.50%
Output	Percent of youth in a juvenile justice services facility who are within one hundred miles of their family and home community.	60.0%	None
Outcome	Number of juvenile justice division facility clients age eighteen and older who enter adult corrections within two years after discharge from a juvenile justice facility.	6.0%	8.1%

STATE OF NEW MEXICO
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 MANAGEMENT'S DISCUSSION AND ANALYSIS
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<u>TYPE</u>	<u>MEASURE</u>	<u>TARGET</u>	<u>RESULT</u>
Program Support:			
Output	Average vacancy rate for child welfare workers	12.00%	None
Outcome	Percent vacancy rate for youth care specialist	8.0%	9.0%

Note#1: Fiscal year 2010 data is not available until fall 2010. This is an annualized number.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

Total compensated absences at June 30, 2010 are \$6,495,246. The estimated amount to be paid from current General Fund appropriations within one year is \$4,546,672 or 70.0 percent, with \$1,948,574 or 30.0 percent due after one year. There was no significant activity to report for compensated absences during the year ended June 30, 2010.

NEXT YEAR'S BUDGET AND RATES

The Department depends primarily on appropriations from the New Mexico State General Fund. The State Legislature appropriated \$191,258,200 for the fiscal year 2011 operating budget in the Laws of 2010, Chapter 6, Section 4. This appropriation was reduced in the Laws of 2010, Chapter 6, Section 10 by \$1,545,100 for solvency purposes. The fiscal year 2011 operating was further reduced by in the laws of 2010, Chapter 6, Section 14 by approximately \$6,155,200, which equates to a 3.24% reduction. These reductions have seriously hampered the department's ability to meet its core mission. There was no compensation package for exempt/classified staff, teachers, juvenile probation and parole officers appropriated for fiscal year 2011.

In fiscal year 2011, funds were appropriated to the General Services Department – Property Control Division (PCD) in the Laws of 2010, Second Special Session, Chapter 4, Section 4, Paragraphs 1, 2 and 3. An amount of \$400,000 was appropriated in Paragraph 1 to renovate and equip the Youth, Diagnostic and Development Center (YDDC) and Camino Nuevo Site in Albuquerque in Bernalillo County in accordance with the Missouri Model and implementation of "Cambiar NM". An amount of \$500,000 was appropriated as per Paragraph 2 for upgrades, including walkways, sidewalks, ramps and stairs to comply with the American with Disabilities Act (ADA) of 1990 at the (YDDC) in Albuquerque in Bernalillo County. Another \$500,000 was appropriated as per paragraph 3 to upgrade the security systems at the YDDC and Camino Nuevo site. In fiscal year 2010, the Human Services Department transferred \$2,000,000 to CYFD for its Domestic Violence program in the Youth and Family Services program area. These funds will be used for domestic violence projects to maintain, repair and renovate facilities to ensure consistent domestic violence delivery and to plan, design, construct, equip and furnish additional shelters statewide.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2010
(Unaudited)

The Department will continue to receive ARRA federal funds in fiscal year 2011. This funding will be used to cover the projected child care services shortfall and to improve coordination and collaboration among early childhood education and care program and services. The department will also receive Governor Discretionary funds from ARRA for several projects throughout the state to help ease some of the projected general fund shortfall in fiscal year 2011. This funding will be used to assist Juvenile Continuum sites that will provide services such as case management, substance abuse diversion programs, first offender programs, etc. The funding will also be used to provide domestic violence services provide services for crisis intervention for incarcerated parents, to provide high quality safe and residential and crisis services for children birth to five years old.

The fiscal year 2012 Original Budget Request includes a general fund base request of \$214,745,800 an increase of \$31,187,900 or 16.99 percent over fiscal year 2010. The general fund increase is due to the following items. The TANF transfer from the Human Services Department will be \$12,571,500 in fiscal year 2012 and will be totally allocated to child care. In order to sustain the current funding level of \$38,974,600, a request to replace federal TANF child care, the department requested general fund in the amount of \$26,403,100. As previously stated, the entire TANF transfer in FY 12 will be allocated to child care, which will leave no TANF funding for the department's Domestic Violence and Pre-K programs. The department requested general fund of \$2,000,000 for Domestic Violence and \$1,000,000 for Pre-K. The department also requested general fund in the amount of \$1,784,800 to address the necessary staffing levels in its Protective Services program area. Aside from the general fund request to replace the loss of federal TANF funds, the department's request reflected minimal program adjustments with little or no impact to the general fund. These no cost adjustments are necessary to maximize efficiencies in operations and have been absorbed in the base budgeted by maintaining an overall vacancy rate of 9.21%. The department's request is consistent with the Governor's core policy agenda and supports CYFD in accomplishing its core mission benefiting the most vulnerable children and families in New Mexico.

Through the General Services Department, the department has requested \$1,975,154 for its continued implementation of the "Cambiar" NM model. The department plans are to regionalize facilities in four areas of the state – the northeast; southeast, northwest and central with the southeast area of the state being first region to be addressed. These funds will be used for architectural and engineering planning and design services as well as land acquisition for the construction of this southeast facility.

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 Drawer 5160
Santa Fe, New Mexico 87502-5160

FINANCIAL SECTION

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Exhibit I

Statement of Net Assets

June 30, 2010

ASSETS	<u>Governmental Activities</u>
Cash	\$ 61,200
State Fund Investment Pool	15,388,019
Accounts receivable, net	33,584,957
Due from agency fund	176,528
Due from other agencies	14,330,264
Supplies inventory	228,525
Other assets	7,498
Investments at State Investment Council	2,217,854
Capital assets, net	<u>1,650,795</u>
Total assets	<u>67,645,640</u>
LIABILITIES	
Accounts payable	24,110,698
Accrued payroll	5,751,809
Payroll taxes payable	780,726
Due to other agencies	1,571,552
Due to state general fund	9,901,183
Due to federal government	1,179,706
Other payroll related liabilities and withholdings	2,379,972
Deferred revenues	3,904,853
Compensated absences	4,546,672
Noncurrent liabilities:	
Compensated absences due in more than one year	<u>1,948,574</u>
Total liabilities	<u>56,075,745</u>
NET ASSETS	
Invested in capital assets	1,650,795
Restricted for:	
Children's trust fund - permanent	6,172,366
Children's trust fund - special revenue	413,576
Day care fund	343,323
Client emergency miscellaneous	60,000
Subsequent years expenditures by applicable legislation and law	9,195,356
Unrestricted (deficit)	<u>(6,265,521)</u>
Total net assets	<u>\$ 11,569,895</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, 2010

	Expense	Program Revenues Operating Grants and Contributions	Governmental Activities Net Program (Expense)
Expenses:			
Health and Welfare	\$ (386,018,542)	\$ 203,735,611	\$ (182,282,931)
Public Safety	(4,719,243)	1,529,241	(3,190,002)
Depreciation expense	(498,102)	-	(498,102)
Total governmental activities	\$ (391,235,887)	\$ 205,264,852	(185,971,035)
General Revenues:			
General fund and special appropriations			201,350,100
Interest			1,550,432
			202,900,532
Transfers			
Transfers from other State Agencies			2,497,365
Transfers to other State Agencies			(6,633,916)
General fund reversion 2010 fiscal year			(9,826,492)
Net transfers			(13,963,043)
Change in net assets			2,966,454
Net assets, beginning of year			8,603,441
Net assets, end of year			\$ 11,569,895

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, 2010

	General Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS			
State Fund Investment Pool	\$ 6,611,062	\$ 8,776,957	\$ 15,388,019
Cash	61,200	-	61,200
Accounts receivable, net	32,198,748	1,386,209	33,584,957
Due from other funds	10,072,972	5,841	10,078,813
Due from other agencies	13,794,389	535,875	14,330,264
Supplies inventory	228,525	-	228,525
Other assets	7,498	-	7,498
Investments at State Investment Council	-	2,217,854	2,217,854
	Total assets	\$ 12,922,736	\$ 75,897,130
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 21,757,882	\$ 2,352,816	\$ 24,110,698
Accrued payroll	5,734,975	16,834	5,751,809
Payroll taxes payable	777,337	3,389	780,726
Due to other funds	9,896,444	5,841	9,902,285
Due to other agencies	1,571,552	-	1,571,552
Due to state general fund	9,464,383	436,800	9,901,183
Due to federal government	1,171,215	8,491	1,179,706
Other payroll related liabilities and withholdings	2,374,607	5,365	2,379,972
Deferred revenues	3,904,853	-	3,904,853
	Total liabilities	2,829,536	59,482,784
FUND BALANCES			
Reserved:			
Petty cash	1,200	-	1,200
Inventory	228,525	-	228,525
Children's trust fund - special revenue	-	413,576	413,576
Children's trust funds - permanent	-	6,172,366	6,172,366
Day care fund	-	343,323	343,323
Client emergency miscellaneous	60,000	-	60,000
By law or grant	2,398,229	3,163,935	5,562,164
Subsequent year's expenditures by appropriation	3,633,192	-	3,633,192
Unreserved and designated	-	-	-
	Total fund balances	10,093,200	16,414,346
	Total liabilities and fund balances	\$ 12,922,736	\$ 75,897,130

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, 2010

Fund balances - total governmental funds		\$ 16,414,346
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental capital assets	\$ 4,272,204	
Less accumulated depreciation	<u>2,621,409</u>	1,650,795
Compensated absences recorded in the statement of net assets, not recorded in the governmental funds		<u>(6,495,246)</u>
Net assets of governmental activities		<u>\$ 11,569,895</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, 2010

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES			
Federal funds	\$ 186,214,274	\$ 14,989,112	\$ 201,203,386
Other state funds	3,149,182	910,384	4,059,566
Interest and gain on investments	1,253,351	297,081	1,550,432
Total revenues	190,616,807	16,196,577	206,813,384
EXPENDITURES			
Current:			
Health and Welfare	360,441,976	25,920,664	386,362,640
Public Safety	4,719,243	-	4,719,243
Capital outlay	1,041,913	81,659	1,123,572
Total expenditures	366,203,132	26,002,323	392,205,455
Excess (deficiency) of revenues over expenditures	(175,586,325)	(9,805,746)	(185,392,071)
OTHER FINANCING SOURCES AND (USES)			
Transfers State General Fund Appropriations	190,130,800	10,461,500	200,592,300
Transfers Special Appropriations	757,800	-	757,800
Transfers from other State Agencies	167,155	2,330,210	2,497,365
Transfers to other State Agencies	(6,573,976)	(59,940)	(6,633,916)
General fund reversions	(9,389,692)	(436,800)	(9,826,492)
Total other financing sources and (uses)	175,092,087	12,294,970	187,387,057
Net change in fund balances	(494,238)	2,489,224	1,994,986
Fund balances, beginning of year	6,815,384	7,603,976	14,419,360
Fund balances, ending	\$ 6,321,146	\$ 10,093,200	\$ 16,414,346

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, 2010

Net change in fund balances - total governmental funds \$ 1,994,986

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	\$ 1,123,572	
Less current year depreciation	<u>498,102</u>	625,470
Disposal of fixed assets		(254,461)

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.

Decrease in accrued compensated absences		<u>600,459</u>
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Change in net assets of governmental activities		<u>\$ 2,966,454</u>
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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 (Non GAAP)
Budget and Actual - Major Budgeted Fund

Year Ended June 30, 2010

General Fund				
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Adjusted		
Revenues				
General fund appropriation	\$ 190,130,800	\$ 190,130,800	\$ 190,130,800	\$ -
Federal funds	186,168,000	195,390,363	186,214,274	(9,176,089)
Other state funds	3,846,600	4,877,292	5,327,488	450,196
Total budgeted revenues	380,145,400	390,398,455	\$ 381,672,562	\$ (8,725,893)
Budgeted fund balance	-	1,670,776		
Total revenues and budget fund balance	\$ 380,145,400	\$ 392,069,231		
Expenditures				
Personnel services	\$ 120,446,300	\$ 126,852,014	\$ 122,643,271	\$ 4,208,743
Contractual services	66,124,800	66,887,104	58,497,397	8,389,707
Other costs	193,334,300	193,358,931	184,353,799	9,005,132
Other financing uses	240,000	4,971,182	4,324,114	647,068
Total budgeted expenditures	\$ 380,145,400	\$ 392,069,231	369,818,581	\$ 22,250,650
Plus entry to increase allowance for uncollectable accounts			708,665	
Less budgetary transfers to other agencies			(4,324,114)	
Total fund financial expenditures			\$ 366,203,132	
Reconciliation to GAAP basis				
Total actual budget revenue			\$ 381,672,562	
Less total actual GAAP expenditures			(366,203,132)	
Less General Fund reversion			(9,389,692)	
Less transfers to other agencies			(6,573,976)	
Net change in general fund balance			\$ (494,238)	
Reconciliation of transfers				
Budgetary transfers			\$ 4,324,114	
Audit entry to record transfers			2,249,862	
Total GAAP transfers			\$ 6,573,976	

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, 2010

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 18,550
State Fund Investment Pool	1,074,357
Due from other agencies	<u>159</u>
Total assets	<u><u>\$ 1,093,066</u></u>
LIABILITIES	
Deposits held for others	\$ 916,538
Due to other funds	<u>176,528</u>
Total liabilities	<u><u>\$ 1,093,066</u></u>

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

Notes to Financial Statements

June 30, 2010

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STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements

June 30, 2010

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 40th 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 consists 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, 2010

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, 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, 2010.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2010

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. Effective July 1, 2010, the Department will assume all fiscal and administrative responsibilities of the Board and will be accounted for in the Department's 2011 financial statements.

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 eliminating the due to due from balances in the governmental funds 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. The Department 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, 2010

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, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (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, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (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 or special 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, 2010

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 2010 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, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting (Continued)

For the year ended June 30, 2010 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 2010 there are reconciling items between the budgetary basis and the GAAP financial statements for the governmental funds. See the reconciliations of budgetary basis to GAAP on the applicable budgetary schedules.

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.

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, 2010.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

Qualified employees accumulate annual leave as follows:

<u>Years of Service</u>	<u>Hours Earned Per Month</u>	<u>Days Earned Per Month</u>	<u>Days of Maximum Accrual</u>
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 th /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, 2010, 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, 2010, 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, 2010

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 yearend 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, 2010

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-I to carry out the provisions of the Pre-Kindergarten.

Reserved for Juvenile Services. This reserve is authorized by NMSA 32A-23-I 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, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2010.

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, 2010

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

Cash balances at financial institutions and on hand at June 30, 2010 consist of the following:

Bank accounts	\$ 60,000
Cash on hand	<u>1,200</u>
Total cash balance	<u>\$ 61,200</u>

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

General Fund balance	\$ 6,611,062
Non major Government Funds balances	<u>8,776,957</u>
Net balance	<u>\$ 15,388,019</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 \$250,000 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 follows 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, 2010.

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

Notes to Financial Statements (Continued)

June 30, 2010

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

All funds on deposit with banking institutions were fully covered by Federal Deposit Insurance Corporation (FDIC) Insurance at June 30, 2010, as the bank balances indicate below.

	<u>Wells Fargo Bank</u>	<u>Bank of America</u>
Total amount of deposits in bank	\$ 48,891	\$ 22,796
Less: FDIC Coverage	<u>250,000</u>	<u>250,000</u>
Total uninsured public funds	<u>None</u>	<u>None</u>

CYFD investments held by the State Investment Council at June 30, 2010 were as follows:

	<u>Permanent Children Trust</u>	<u>Permanent CTF-Next Gen</u>
Large Cap Index	\$ 133,456	\$ 133,456
Non US Developed Markets Pool	35,543	35,543
Non US Emerging Markets Pool	10,250	10,250
US Core Bonds Pool	<u>929,678</u>	<u>929,678</u>
Total	<u>\$ 1,108,927</u>	<u>\$ 1,108,927</u>

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 market value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair market value to change in market interest rates. CYFD has exposure to interest rate risk by its investment in the Core Bond 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, 2010.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010 are as follows:

	General Fund
Federal Grants receivable	\$ 35,608,874
Accounts receivable - overpayment of benefits	3,333,067
Other receivables	675,020
Less: Contractual and collectability allowances	(6,032,004)
Total accounts receivable	\$ 33,584,957

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	\$ 5,323,339
Provision for doubtful accounts	708,665
Balance, end of year	\$ 6,032,004

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

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 5. CAPITAL ASSETS

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental activities:				
Depreciable Assets:				
Buildings and structures	\$ 1,203,603	\$ 34,720	\$ (250,749)	\$ 987,574
Data processing equipment	1,918,829	1,045,177	(842,452)	2,121,554
Equipment and machinery	591,799	-	(64,542)	527,257
Furniture and fixtures	591,621	43,675	(19,861)	615,435
Vehicles	<u>20,384</u>	<u>-</u>	<u>-</u>	<u>20,384</u>
Totals at historical cost	<u>4,326,236</u>	<u>1,123,572</u>	<u>(1,177,604)</u>	<u>4,272,204</u>
Less accumulated depreciation:				
Buildings and structures	355,145	43,824	(79,003)	319,966
Data processing equipment	1,578,888	336,699	(763,407)	1,152,180
Equipment and machinery	528,556	55,953	(60,872)	523,637
Furniture and fixtures	577,746	57,549	(19,861)	615,434
Vehicles	<u>6,115</u>	<u>4,077</u>	<u>-</u>	<u>10,192</u>
Total accumulated depreciation	<u>3,046,450</u>	<u>498,102</u>	<u>(923,143)</u>	<u>2,621,409</u>
Capital assets, net	<u>\$ 1,279,786</u>	<u>\$ 625,470</u>	<u>\$ (254,461)</u>	<u>\$ 1,650,795</u>

The Department does not have any debt related to capital assets as of June 30, 2010. The current year additions were paid from the General Fund and ARRA Fund as the expenditures from the Capital Project Fund did not meet the \$5,000 capitalization policy.

Depreciation expense was \$498,102 for the year ended June 30, 2010. Since capital assets are not specifically identified by function, the depreciation expense is unallocated in the Statement of Activities.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 6. RETIREMENT PLANS (STATE PERA AND ERA)

Public Employees Retirement Association's 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's website at 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, 2010, 2009, and 2008 were, \$12,652,931, \$14,170,720, \$13,439,792, respectively, which equal the amount of the required contributions for each fiscal year.

Educational Retirement Board's 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 (ERB) 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. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P. O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The Department was required to contribute 12.4% of the gross covered salary of employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribution is increasing by .75% each year until effective July 1, 2011, the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 22, Article 11 NMSA 1978. The contribution requirements may be amended by acts of the legislature. The Department's contributions to ERB for the years ending June 30, 2010, 2009, and 2008 were, \$560,629, \$514,567, and \$428,149 respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

Notes to Financial Statements (Continued)

June 30, 2010

**NOTE 7. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN
(Continued)**

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are 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 from the contributions can be changed by the New Mexico State Legislature.

The Department's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$1,577,529, \$1,590,200, and \$1,504,537, respectively, which equal the required contributions for the employer and employee for the respective fiscal years ended.

NOTE 8. BUDGETARY BASIS

For the year ended June 30, 2010, 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, 2010.

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

Notes to Financial Statements (Continued)

June 30, 2010

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, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Compensated absences:				
Annual leave	\$ 5,690,919	\$ 4,269,824	\$ (4,574,267)	\$ 5,386,476
Compensatory leave	1,225,536	426,982	(720,163)	932,355
Sick leave	<u>179,250</u>	<u>142,631</u>	<u>(145,466)</u>	<u>176,415</u>
Total compensated absences	7,095,705	<u>\$ 4,839,437</u>	<u>\$ (5,439,896)</u>	6,495,246
Less current portion	<u>4,966,994</u>			<u>4,546,672</u>
Net long-term compensated absences	<u>\$ 2,128,711</u>			<u>\$ 1,948,574</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>
2011	\$ 8,603,742	\$ 855,900
2012	8,487,603	780,600
2013	9,017,354	780,600
2014	9,170,680	780,600
2015	<u>8,990,247</u>	<u>780,900</u>
Total	<u>\$ 44,269,626</u>	<u>\$ 3,978,600</u>

During the period ended June 30, 2010 facilities and equipment rent expenses amounted to \$9,098,206.

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

Notes to Financial Statements (Continued)

June 30, 2010

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. There is one legal matter that is not covered by Risk Management. There is a plaintiff claiming damages and punitive damages in the millions, which the Department disputes. The case will go to court in the 2011 fiscal year. Any amount, if any, from this lawsuit will not be covered by Risk Management. No accrual for any loss has been recorded in the June 30, 2010 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 \$176,528 which is due from the agency fund.

Amount Due from Other Funds			Amount Due to Other Funds			
Fund Name	SHARE Fund No.	Amount	Fund Name	SHARE Fund No.	Amount	
General Operating	06700	\$ 4,106,598	FACTS	48900	\$ 4,106,598	
General Operating	06700	5,789,846	FACTS	49100	5,789,846	
FACTS	48900	176,528	Rep Payee for SSA/SSI	49000	176,528	
CTF Expendable	78000	5,097	CTF Non-Expendable	78100	5,097	
CTF Next Gen Expendable	94800	<u>744</u>	CTF Next Gen Non-Expendable	94900	<u>744</u>	
Totals		<u>\$ 10,078,813</u>			<u>\$ 10,078,813</u>	

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

Notes to Financial Statements (Continued)

June 30, 2010

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 2010 reversions are:

General Fund

	Reversion Calculation	General Fund
Fund balance SHARE funds 06700, 48900 and 49100	\$ 13,312,609	\$ 13,312,609
Non reverting components of fund balances	-	2,398,229
Reversion for Special Appropriations	(39,017)	(39,017)
Mandatory reversion required by reduction to budget	(6,640,200)	(6,640,200)
Restricted by law appropriation or the grant for future years for SHARE 06700,48900 and 49100		
- State Permanent and Land Income	(3,245,488)	-
- Domestic Violence Offenders	(145,540)	-
- Annie Casey Foundation	(242,164)	-
Reserved for SHARE 06700,48900 and 49100		
- Petty Cash	(1,200)	-
- Inventory	(228,525)	-
- CEME	(60,000)	-
Current Year Reversion	<u>\$ 2,710,475</u>	<u>(2,710,475)</u>
Total General fund - fund balance		<u>\$ 6,321,146</u>

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 13. REVERSIONS (Continued)

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 2010	\$ 9,389,692
- Child Care licensing fees per NMSA 24-1-5	74,691
- Reversions from non major funds	436,800
Total Due to State General Fund	\$ 9,901,183

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

- Reversion required by mandatory reduction to the budget	
General operating	\$ 5,760,700
FACTS Protective Services	500,000
FACTS Child Care Payments	196,700
Juvenile Community Correction	182,800
Total General Fund	6,640,200
- Calculated reversion for 2010	2,710,475
- Special Appropriations (See page 87)	39,017
Total General Fund Reversion	\$ 9,389,692

Non Major fund reversion

-Reversion required by mandatory reduction to the budget	
Pre-Kindergarten	\$ 251,100
Regional Juvenile Services	185,700
Total Non Major Funds	\$ 436,800

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2010

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; Charitable, Penal and Reform revenue from the Land Income Fund; 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

Amount Due From Other Agencies			Other Agencies		
Fund Name	SHARE Fund No.	Amount	Fund Name	SHARE Fund No.	Amount
<u>General Fund</u>					
General Fund	06700	\$ 3,038	Energy & Minerals	52100	\$ 3,038
General Fund	06700	30,745	General Services Dept	35000	30,745
General Fund	06700	655,481	Public Education Dept	21600	655,481
General Fund	06700	2,593,488	Human Services Dept.	05200	2,593,488
General Fund	06700	1,953	DPS	12800	1,953
General Fund	06700	12,920	Governors Commission	64500	12,920
General Fund	06700	20,000	Department of Health	06100	20,000
Light Fund	06800	65	State Treasurer	80100	65
Child Care Fund	49100	10,474,565	Human Services Dept.	97500	10,474,565
Children Justice	84100	<u>2,134</u>	DPS	12800	<u>2,134</u>
Total General Fund		<u>\$ 13,794,389</u>			<u>\$ 13,794,389</u>

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2010

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

Amount Due From Other Agencies			Other Agencies		
Fund Name	SHARE Fund No.	Amount	Fund Name	SHARE Fund No.	Amount
<u>Special Revenue Funds</u>					
Children's Expend. Trust	78000	\$ 1,875	MVD - Child Plate	82500	\$ 1,875
PreK Fund	20080	375,000	Human Services Dept.	97500	375,000
ARRA	89000	41,530	Higher Education	21600	41,530
Day Care	91100	<u>116,866</u>	DOH - Birth and Death	06100	<u>116,866</u>
Total Special Revenue		<u>535,271</u>			<u>535,271</u>
<u>Permanent Funds</u>					
Children's Non-Expend. Trust Fund	78100	527	State Treasurer	80100	527
Children's Trust Fund	94900	<u>77</u>	State Treasurer	80100	<u>77</u>
Total Permanent Fund		<u>604</u>			<u>604</u>
<u>Capital Project Fund</u>					
Capital Projects	59700	<u>-</u>	DFA	34100	<u>-</u>
Total Governmental Funds		<u>\$ 14,330,264</u>			<u>\$ 14,330,264</u>
<u>Fiduciary Fund</u>					
Social Security	09600/49000	<u>159</u>	State Treasurer	80100	<u>159</u>
		<u>\$ 14,330,423</u>			<u>\$ 14,330,423</u>

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

Notes to Financial Statements (Continued)

June 30, 2010

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

B. Due To Other State Agencies

Amount Due To Other Agencies			Other Agencies		
Fund Name	SHARE Fund No.	Amount	Fund Name	SHARE Fund No.	Amount
General Operating	06700	\$ 174,464	HSD	05200	\$ 174,464
General Operating	06700	751,007	HSD	97600	751,007
General Operating	06700	430,141	ALTSD	27000	430,141
General Operating	06700	106,951	Department of Public Safety	12800	106,951
General Operating	06700	44,989	Department of Finance	34100	44,989
General Operating	06700	20,180	Public Education Dept	67200	20,180
General Operating	06700	14,815	NM Sentencing	35400	14,815
General Operating	06700	<u>1,542,547</u>			<u>1,542,547</u>
Facts Protective	48900	<u>29,005</u>	ALTSD	27000	<u>29,005</u>
Total General Fund		<u><u>\$ 1,571,552</u></u>			<u><u>\$ 1,571,552</u></u>

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

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, 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.

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

Notes to Financial Statements (Continued)

June 30, 2010

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/CRB	34100	\$ (185,117)
Department of Finance and Administration	34101	(920,816)
Adult Long Term Services Department	62400	(2,368,991)
Human Services Department	63000	(2,694,254)
Department of Health	66500	(20,685)
Department of Education	92400	<u>(444,053)</u>
Subtotal transfers to other agencies		<u>(6,633,916)</u>
<u>Transfers from other Agencies</u>	<u>SHARE Number</u>	<u>Amount</u>
Special appropriation for Department of Finance and Administration - Laws 2009	34100	<u>\$ 757,800</u>
Human Services Department	63000	2,000,000
Department of Education	92400	250,000
Office of Attorney General	17000	15,000
Human Services Department	63000	80,000
General Services Department	35000	24,327
Department of Education	92400	45,875
Department of Public Safety	79000	1,953
Department of Finance and Administration	34100	<u>80,210</u>
Subtotal transfers from other agencies		2,497,365
Total transfers from other agencies		<u>\$ 3,255,165</u>
Net transfers to other Agencies		<u>\$ (3,378,751)</u>

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 page 87). Any unencumbered or unexpended balances remaining at year end revert to the State General Fund based on the applicable legislation.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 16. FUND BALANCE RESERVATIONS AND DESIGNATIONS (Continued)

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

NOTE 17. FUNDS HELD IN TRUST BY OTHERS

The Department is an income beneficiary of a portion of the State Permanent Fund derived from trust lands assigned to the Department by the Fergusson Act of 1898 and the New Mexico Enabling Act of 1910. These Acts together transferred surface acres and mineral acres of Federal Land to the Territory of New Mexico. The grants stipulate that such lands are to be held in trust for the benefit of specifically identified state institutions.

The Department is also an income beneficiary of a portion of the State Charitable, Penal and Reformatory Institutions Permanent Fund derived from trust lands assigned to the Department by the Fergusson Act of 1898 and the New Mexico Enabling Act of 1910.

Responsibility for the investment of the State Permanent Fund resides with the State Investment Officer. Because the Department does not control the funds, they are not reflected in the accompanying financial statements. Income of approximately \$146,000 is recognized in the general fund as a component of other state fund revenue.

The Department has a 2/7th interest in the State Charitable, Penal and Reformatory Institutions Fund. Income of \$1,252,668 is recognized in the general fund as interest on investments.

NOTE 18. 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 the 2001 and 2002 grants. This audit consisted of two components. The first related to Title IV-E training costs remitted to three universities as part of Joint Powers Agreements. The audit concluded training costs claimed were overstated. The Department appealed the results of the audit but was denied. Of the three universities one was able to pay its portion of the unallowable costs. This amount was remitted to the Department. In the 2009 fiscal year the Department remitted \$1,235,888 to the federal government to satisfy this portion of the audit.

The other component of the audit related to unallowable Title IV-E administrative costs claimed by the Department. The Department appealed the results of this portion but our appeal was denied. The final liability amount due of \$1,875,995 was remitted to the federal government during the 2010 fiscal year.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2010

NOTE 19. ACCOUNTING STANDARD PRONOUNCEMENTS

In June 2007, GASB issued Statement 51, *Accounting and Financial Reporting for Intangible Assets*, which the Department adopted for fiscal year ended June 30, 2010. There was no impact on its financial statements due to this GASB pronouncement.

In March 2009, GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for the Department's fiscal year ending June 30, 2011. This statement provides clearer, more structured fund balance classifications and clarifies the definitions of existing governmental fund types. The Department has not assessed the future impact on its financial statements due to this GASB pronouncement.

NOTE 20. SUBSEQUENT EVENTS

The Department has evaluated subsequent events through December 10, 2010, which is the date the financial statements have been issued and have determined an event requires disclosure to the financial statements which is the following:

The Juvenile Parole Board becomes part of the Department effective July 1, 2010, in which the Department will assume all fiscal and administrative responsibilities.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

June 30, 2010

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:

SHARE FUND #	ACCOUNT
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 I

General Fund Accounts
Schedule of Revenues and Expenditures
Budget and Actual

General Operating Account - Non GAAP

Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 147,197,700	\$ 148,197,700	\$ 148,197,700	\$ -
Federal funds	54,644,000	63,382,763	62,079,911	(1,302,852)
Other state funds	2,280,300	3,310,992	2,461,728	(849,264)
Total revenues	204,122,000	214,891,455	\$ 212,739,339	\$ (2,152,116)
Budgeted fund balance	-	809,900		
Total revenues and budgeted fund balance	\$ 204,122,000	\$ 215,701,355		
	Budgeted Amounts		Actual	Variance
	Original	Amended	Expenditures	Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 120,210,500	\$ 126,426,614	\$ 122,359,073	\$ 4,067,541
Contract services	60,933,800	61,702,104	54,115,914	7,586,190
Other costs	22,737,700	23,762,331	21,884,938	1,877,393
Other financing uses	240,000	3,810,306	3,163,238	647,068
Total budgeted expenditures	\$ 204,122,000	\$ 215,701,355	201,523,163	\$ 14,178,192
Audit entry to increase allowance for doubtful accounts			398,665	
Less transfers to other agencies			(3,163,238)	
Total GAAP expenditures			\$ 198,758,590	
Reconciliation of other financing uses				
Budgetary transfers to other state agencies			\$ (3,163,238)	
Transfers to other state agencies recorded as an audit entry			(2,249,862)	
Total other financing uses			\$ (5,413,100)	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Amended</u>	<u>Expenditures</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Expenditures				
Personnel services & benefits	\$ 12,082,800	\$ 12,453,800	\$ 11,686,542	\$ 767,258
Contract services	1,766,100	3,217,421	2,901,013	316,408
Other costs	4,297,600	4,719,511	4,439,966	279,545
Other financing uses	-	3,570,306	2,978,123	592,183
	<u>\$ 18,146,500</u>	<u>\$ 23,961,038</u>	<u>\$ 22,005,644</u>	<u>\$ 1,955,394</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, 2010

	Budgeted Amounts		Actual Expenditures	Variance Favorable (Unfavorable)
	Original	Amended		
Expenditures				
Personnel services & benefits	\$ 30,352,300	\$ 33,044,407	\$ 32,104,719	\$ 939,688
Contract services	7,558,000	5,834,708	4,637,201	1,197,507
Other costs	4,832,100	4,781,747	4,109,714	672,033
Other financing uses	-	-	-	-
Total budgeted expenditures	\$ 42,742,400	\$ 43,660,862	40,851,634	\$ 2,809,228
Audit entry to increase allowance for doubtful accounts			396,530	
Total GAAP expenditures			\$ 41,248,164	

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, 2010

	Budgeted Amounts		Actual	Variance
	Original	Amended	Expenditures	Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 47,257,000	\$ 49,561,107	\$ 48,985,833	\$ 575,274
Contract services	12,340,300	12,534,085	9,541,322	2,992,763
Other costs	8,468,800	9,939,538	9,582,710	356,828
Other financing uses	240,000	240,000	185,115	54,885
Total budgeted expenditures	\$ 68,306,100	\$ 72,274,730	68,294,980	\$ 3,979,750
Audit entry to increase allowance for doubtful accounts			2,135	
Total GAAP expenditures			\$ 68,297,115	

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Personnel services & benefits	\$ 23,056,300	\$ 23,629,200	\$ 21,962,410	\$ 1,666,790
Contract services	28,826,500	29,252,990	27,545,543	1,707,447
Other costs	2,872,500	2,730,835	2,429,283	301,552
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 54,755,300</u>	<u>\$ 55,613,025</u>	<u>\$ 51,937,236</u>	<u>\$ 3,675,789</u>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 6

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

Early Childhood Services-P782

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Personnel services & benefits	\$ 7,462,100	\$ 7,738,100	\$ 7,619,569	\$ 118,531
Contract services	10,442,900	10,862,900	9,490,835	1,372,065
Other costs	2,266,700	1,590,700	1,323,264	267,436
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	\$ 20,171,700	\$ 20,191,700	\$ 18,433,668	\$ 1,758,032

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 - Non GAAP

Special Appropriation - Light Account

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Revenues				
Other state funds	\$ -	\$ -	\$ 683	\$ 683
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Total budgeted expenditures	\$ -	\$ -	\$ -	\$ -

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 Protective Services - P578

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable <u>(Unfavorable)</u>
Revenues				
General fund appropriation	\$ 21,221,100	\$ 20,221,100	\$ 20,221,100	\$ -
Federal funds	19,398,500	19,398,500	16,915,907	(2,482,593)
Other state funds	<u>1,566,300</u>	<u>1,566,300</u>	<u>2,848,454</u>	<u>1,282,154</u>
Total budgeted revenues	42,185,900	41,185,900	<u>\$ 39,985,461</u>	<u>\$ (1,200,439)</u>
Budgeted fund balance	<u>-</u>	<u>-</u>		
Total revenues and budgeted fund balance	<u>\$ 42,185,900</u>	<u>\$ 41,185,900</u>		
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>	<u>Expenditures</u>	Favorable <u>(Unfavorable)</u>
Expenditures				
Other costs	<u>\$ 42,185,900</u>	<u>\$ 41,185,900</u>	\$ 39,420,461	<u>\$ 1,765,439</u>
Audit entry to increase allowance for doubtful accounts			<u>65,000</u>	
Total GAAP expenditures			<u>\$ 39,485,461</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

FACTS Child Care Payments Account - P782

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 17,730,700	\$ 17,730,700	\$ 17,730,700	\$ -
Federal funds	69,381,000	69,381,000	65,027,006	(4,353,994)
Other state funds	-	-	84	84
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	87,111,700	87,111,700	<u>\$ 82,757,790</u>	<u>\$ (4,353,910)</u>
 Budgeted fund balance	 <hr/>	 <hr/>		
Total revenues and budgeted fund balance	<u>\$ 87,111,700</u>	<u>\$ 87,111,700</u>		
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>	<u>Expenditures</u>	Favorable (Unfavorable)
Expenditures				
Contract services	\$ -	\$ -	\$ -	\$ -
Other costs	87,111,700	87,111,700	82,316,090	4,795,610
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 87,111,700</u>	<u>\$ 87,111,700</u>	82,316,090	<u>\$ 4,795,610</u>
 Audit entry to increase allowance for doubtful accounts			 <hr/>	
Total GAAP expenditures			<u>\$ 82,561,090</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

Juvenile Community Corrections Account - P580

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 3,800,900	\$ 3,800,900	\$ 3,800,900	\$ -
Other state funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted revenues	3,800,900	3,800,900	<u>\$ 3,800,900</u>	<u>\$ -</u>
 Budgeted fund balance	 <hr/>	 <hr/>		
	-	860,876		
 Total revenues and budgeted fund balance	 <u>\$ 3,800,900</u>	 <u>\$ 4,661,776</u>		

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ -	\$ 189,600	\$ 189,594	\$ 6
Contract services	3,786,300	3,596,700	3,204,512	392,188
Other costs	14,600	14,600	2,666	11,934
Other financing uses	-	860,876	860,876	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 3,800,900</u>	<u>\$ 4,661,776</u>	4,257,648	<u>\$ 404,128</u>
 Less transfers to other agencies			 <hr/>	
			(860,876)	
 Total GAAP expenditures			 <u>\$ 3,396,772</u>	

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

Family Nutrition-Federal Child
Care Food Account - P782

Year Ended June 30, 2010

	<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	\$ 40,677,209	\$ (520,691)
Other state funds	-	-	1,539	1,539
Total budgeted revenues	<u>\$ 41,197,900</u>	<u>\$ 41,197,900</u>	<u>\$ 40,678,748</u>	<u>\$ (519,152)</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Expenditures</u>	
Expenditures				
Other costs	<u>\$ 41,197,900</u>	<u>\$ 41,197,900</u>	<u>\$ 40,678,748</u>	<u>\$ 519,152</u>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 12

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

Juvenile Justice & Delinquency Prevention - P580

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 180,400	\$ 180,400	\$ 180,400	\$ -
Federal funds	1,546,600	2,030,200	1,514,241	(515,959)
Other state funds	-	-	15,000	15,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total budgeted revenues	<u>\$ 1,727,000</u>	<u>\$ 2,210,600</u>	<u>\$ 1,709,641</u>	<u>\$ (500,959)</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 235,800	\$ 235,800	\$ 94,604	\$ 141,196
Contract services	1,404,700	1,588,300	1,169,290	419,010
Other costs	86,500	86,500	58,577	27,923
Other financing uses	-	300,000	300,000	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total budgeted expenditures	<u>\$ 1,727,000</u>	<u>\$ 2,210,600</u>	1,622,471	<u>\$ 588,129</u>
Less transfers to other agencies			<u>(300,000)</u>	
Total GAAP expenditures			<u>\$ 1,322,471</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, 2010

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.
89000	ARRA of 2009- The legal authority governing the “ARRA” (American Recovery and Reinvestment Act) funding is Section 6-3-23(D) NMSA 1978 and the federal grant of award. The Department set up the Federal Stimulus Funds separately so that the funds could be tracked efficiently for federal reporting purposes.

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.
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 projects of Children, Youth and Families Department and funded by appropriations or transfers from other state agencies. The activity for 2010 does not meet the requirements to capitalize the assets to the financial statements.
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STATE OF NEW MEXICO
 CHILDREN, YOUTH AND FAMILIES DEPARTMENT
 Combining Balance Sheet
 Non-Major Governmental Funds

June 30, 2010

	Children's Trust Fund	CTF Next Generation	Day Care	Pre-Kindergarten	Regional Juvenile Services	ARRA of 2009	Permanent Children's Trust Fund	Permanent CTF Next Gen	Capital Project Fund	Total Non-Major Governmental Funds
ASSETS										
State Fund Investment Pool*	\$ 322,602	\$ 4,014	\$ 226,457	\$ 1,866,470	\$ 658,093	\$ -	\$ 3,582,546	\$ 522,823	\$ 2,000,000	\$ 9,183,005
Due from other funds	5,097	744	-	-	-	-	-	-	-	5,841
Due from other agencies	1,875	-	116,866	375,000	-	41,530	527	77	-	535,875
Accounts receivable, net	-	-	-	-	-	1,386,209	-	-	-	1,386,209
Investments at SIC	72,810	72,810	-	-	-	-	1,036,117	1,036,117	-	2,217,854
Total assets	\$ 402,384	\$ 77,568	\$ 343,323	\$ 2,241,470	\$ 658,093	\$ 1,427,739	\$ 4,619,190	\$ 1,559,017	\$ 2,000,000	\$ 13,328,784
LIABILITIES AND FUND BALANCE										
Deficit State Fund Investment Pool*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 406,048	\$ -	\$ -	\$ -	\$ 406,048
Vouchers payable	66,376	-	-	971,891	326,937	1,013,200	-	-	-	2,378,404
Due to other funds	-	-	-	-	-	-	5,097	744	-	5,841
Due to state general fund	-	-	-	251,100	185,700	-	-	-	-	436,800
Due to federal government	-	-	-	-	-	8,491	-	-	-	8,491
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Total liabilities	66,376	-	-	1,222,991	512,637	1,427,739	5,097	744	-	3,235,584
FUND BALANCES										
Reserved:										
Children's Trust Funds	336,008	77,568	-	-	-	-	4,614,093	1,558,273	-	6,585,942
Day Care fund	-	-	343,323	-	-	-	-	-	-	343,323
Designated for future years	-	-	-	1,018,479	145,456	-	-	-	2,000,000	3,163,935
Total fund balances	336,008	77,568	343,323	1,018,479	145,456	-	4,614,093	1,558,273	2,000,000	10,093,200
Total liabilities and fund balances	\$ 402,384	\$ 77,568	\$ 343,323	\$ 2,241,470	\$ 658,093	\$ 1,427,739	\$ 4,619,190	\$ 1,559,017	\$ 2,000,000	\$ 13,328,784

*Balance netted to State Fund Investment Pool of \$8,776,957 on Exhibit 3.

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, 2010

	Children's Trust Fund	CTF Next Generation	Day Care	Pre-Kindergarten	Regional Juvenile Services	ARRA of 2009	Permanent Children's Trust Fund	Permanent CTF Next Gen	Capital Project Fund	Total Non-Major Governmental Funds
REVENUES										
Other state funds	\$ 126,171	\$ -	\$ 679,557	\$ -	\$ -	\$ -	\$ 104,656	\$ -	\$ -	\$ 910,384
Federal revenue	-	-	-	1,750,000	-	13,239,112	-	-	-	14,989,112
Interest (loss) on investments	77,907	73,554	-	-	-	-	72,810	72,810	-	297,081
Total revenues	204,078	73,554	679,557	1,750,000	-	13,239,112	177,466	72,810	-	16,196,577
EXPENDITURES										
Current operating										
Health and welfare	524,527	-	1,026,340	9,346,190	1,785,944	13,157,453	-	-	80,210	25,920,664
Capital Outlay	-	-	-	-	-	81,659	-	-	-	81,659
Total expenditures	524,527	-	1,026,340	9,346,190	1,785,944	13,239,112	-	-	80,210	26,002,323
Excess (deficiency) of Revenues over expenditures	(320,449)	73,554	(346,783)	(7,596,190)	(1,785,944)	-	177,466	72,810	(80,210)	(9,805,746)
OTHER FINANCING SOURCES AND (USES)										
General fund appropriations	221,200	-	-	8,390,300	1,850,000	-	-	-	-	10,461,500
Transfers from other State Agencies	-	-	-	250,000	-	-	-	-	2,080,210	2,330,210
Transfer to other State Agencies	-	-	-	-	(59,940)	-	-	-	-	(59,940)
General fund reversions	-	-	-	(251,100)	(185,700)	-	-	-	-	(436,800)
Total other financing sources and (uses)	221,200	-	-	8,389,200	1,604,360	-	-	-	2,080,210	12,294,970
Net change in fund balances	(99,249)	73,554	(346,783)	793,010	(181,584)	-	177,466	72,810	2,000,000	2,489,224
Fund balances, beginning	435,257	4,014	690,106	225,469	327,040	-	4,436,627	1,485,463	-	7,603,976
Fund balances, ending	\$ 336,008	\$ 77,568	\$ 343,323	\$ 1,018,479	\$ 145,456	\$ -	\$ 4,614,093	\$ 1,558,273	\$ 2,000,000	\$ 10,093,200

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 15

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

Children's Trust Fund - P580

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ 221,200	\$ 221,200	\$ 221,200	\$ -
Other state funds	225,400	225,400	204,078	(21,322)
Total revenues	446,600	446,600	<u>\$ 425,278</u>	<u>\$ (21,322)</u>
Budgeted fund balance	-	86,000		
Total revenues and budgeted fund balance	<u>\$ 446,600</u>	<u>\$ 532,600</u>		
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>	<u>Expenditures</u>	
Expenditures				
Personnel services & benefits	\$ 32,000	\$ 32,000	\$ 31,805	\$ 195
Contract services	392,900	475,900	471,107	4,793
Other costs	21,700	24,700	21,615	3,085
Total budgeted expenditures	<u>\$ 446,600</u>	<u>\$ 532,600</u>	<u>\$ 524,527</u>	<u>\$ 8,073</u>

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

CTF Next Generation - P580

Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Other state funds	-	-	73,554	73,554
Total budgeted revenues	-	-	\$ 73,554	\$ 73,554
Budgeted fund balance	-	-		
Total revenues and budgeted fund balance	\$ -	\$ -		
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended	Expenditures	
Expenditures				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	-	-	-	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
Total budgeted expenditures	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 17

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

Day Care Fund -P782

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
Other state funds	\$ 900,000	\$ 900,000	<u>\$ 679,557</u>	<u>\$ (220,443)</u>
Budgeted fund balance	<u>277,000</u>	<u>277,000</u>		
Total revenues and budgeted fund balance	<u>\$ 1,177,000</u>	<u>\$ 1,177,000</u>		

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Other costs	\$ 1,177,000	\$ 1,177,000	\$ 1,026,340	\$ 150,660
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total budgeted expenditures	<u>\$ 1,177,000</u>	<u>\$ 1,177,000</u>	<u>\$ 1,026,340</u>	<u>\$ 150,660</u>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 18

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

Public Pre-Kindergarten - P782

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ 8,390,300	\$ 8,390,300	\$ 8,390,300	\$ -
Federal funds	1,500,000	1,500,000	1,750,000	250,000
Other state funds	-	250,000	250,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted revenues	9,890,300	10,140,300	\$ 10,390,300	\$ 250,000
	<hr/>	<hr/>		
Budgeted fund balance	-	225,469		
	<hr/>	<hr/>		
Total revenues and budgeted fund balance	\$ 9,890,300	\$ 10,365,769		
	<hr/>	<hr/>		
	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Personnel services & benefits	\$ 133,800	\$ 283,800	\$ 232,005	\$ 51,795
Contract services	9,695,300	10,020,769	9,090,536	930,233
Other costs	61,200	61,200	23,649	37,551
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	\$ 9,890,300	\$ 10,365,769	\$ 9,346,190	\$ 1,019,579
	<hr/>	<hr/>	<hr/>	<hr/>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 19

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

Regional Juvenile Services - P580

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 1,850,000	\$ 1,850,000	\$ 1,850,000	\$ -
Federal funds	-	-	-	-
Other state funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted revenues	1,850,000	1,850,000	<u>\$ 1,850,000</u>	<u>\$ -</u>
 Budgeted fund balance	 <hr/>	 326,940		
Total revenues and budgeted fund balance	<u>\$ 1,850,000</u>	<u>\$ 2,176,940</u>		
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>	<u>Expenditures</u>	Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	1,850,000	2,117,000	1,785,944	331,056
Other costs	-	-	-	-
Other financing uses	-	59,940	59,940	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 1,850,000</u>	<u>\$ 2,176,940</u>	<u>\$ 1,845,884</u>	<u>\$ 331,056</u>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 20

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

ARRA of 2009

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	21,972,092	21,972,092	13,239,112	(8,732,980)
Other state funds	-	-	-	-
	<u>\$ 21,972,092</u>	<u>\$ 21,972,092</u>	<u>\$ 13,239,112</u>	<u>\$ (8,732,980)</u>
Total budgeted revenues	<u>\$ 21,972,092</u>	<u>\$ 21,972,092</u>	<u>\$ 13,239,112</u>	<u>\$ (8,732,980)</u>
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures				
Personnel services & benefits	\$ 440,827	\$ 440,827	\$ 122,444	\$ 318,383
Contract services	3,851,659	3,851,659	2,887,012	964,647
Other costs	17,679,606	17,679,606	10,229,656	7,449,950
Other financing uses	-	-	-	-
	<u>\$ 21,972,092</u>	<u>\$ 21,972,092</u>	<u>\$ 13,239,112</u>	<u>\$ 8,732,980</u>
Total budgeted expenditures	<u>\$ 21,972,092</u>	<u>\$ 21,972,092</u>	<u>\$ 13,239,112</u>	<u>\$ 8,732,980</u>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 21

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

Capital Project Fund

Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Other state funds	<u>2,827,042</u>	<u>2,827,042</u>	<u>2,080,210</u>	<u>(746,832)</u>
Total budgeted revenues	<u>\$ 2,827,042</u>	<u>\$ 2,827,042</u>	<u>\$ 2,080,210</u>	<u>\$ (746,832)</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Contract services	\$ 2,827,042	\$ 2,827,042	\$ 80,210	\$ 2,746,832
Other costs	-	-	-	-
Total budgeted expenditures	<u>\$ 2,827,042</u>	<u>\$ 2,827,042</u>	<u>\$ 80,210</u>	<u>\$ 2,746,832</u>

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

SUPPLEMENTAL SECTION

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Combining Balance Sheet by Components of the
General Fund

June 30, 2010

	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
ASSETS								
State Fund Investment Pool *	\$ 10,938,514	\$ 443,329	\$ 5,981,239	\$ -	\$ 692,398	\$ -	\$ 733,308	\$ 18,788,788
Cash	61,200	-	-	-	-	-	-	61,200
Accounts receivable, net	10,294,984	-	1,429,640	14,011,719	-	5,671,874	790,531	32,198,748
Due from other funds	9,896,444	-	176,528	-	-	-	-	10,072,972
Due from other agencies	3,317,625	65	-	10,474,565	-	-	2,134	13,794,389
Supplies inventory	228,525	-	-	-	-	-	-	228,525
Other assets	7,498	-	-	-	-	-	-	7,498
Total assets	\$ 34,744,790	\$ 443,394	\$ 7,587,407	\$ 24,486,284	\$ 692,398	\$ 5,671,874	\$ 1,525,973	\$ 75,152,120
LIABILITIES AND FUND BALANCE								
Deficit State Fund Investment Pool *	\$ -	\$ -	\$ -	\$ 11,798,840	\$ -	\$ 378,886	\$ -	\$ 12,177,726
Accounts payable	16,478,226	-	2,981,098	6,100,820	288,270	4,504,568	291,819	30,644,801
Due to other funds	-	-	4,106,598	5,789,846	-	-	-	9,896,444
Due to other agencies	1,542,547	-	29,005	-	-	-	-	1,571,552
Due to state general fund	8,584,735	-	500,148	196,700	182,800	-	-	9,464,383
Due to federal government	283,644	-	-	633,082	-	222,718	31,771	1,171,215
Deferred revenues	3,852,761	-	17,261	253	-	34,578	-	3,904,853
Total liabilities	\$ 30,741,913	\$ -	\$ 7,634,110	\$ 24,519,541	\$ 471,070	\$ 5,140,750	\$ 323,590	\$ 68,830,974
FUND BALANCES								
Reserved:								
Petty cash	1,200	-	-	-	-	-	-	1,200
Inventory	228,525	-	-	-	-	-	-	228,525
Client emergency miscellaneous	60,000	-	-	-	-	-	-	60,000
By law or grant	-	443,394	-	-	221,328	531,124	1,202,383	2,398,229
Designated subsequent year's expenditures	3,633,192	-	-	-	-	-	-	3,633,192
Unreserved and designated (deficit):	79,960	-	(46,703)	(33,257)	-	-	-	-
Total fund balances	\$ 4,002,877	\$ 443,394	\$ (46,703)	\$ (33,257)	\$ 221,328	\$ 531,124	\$ 1,202,383	\$ 6,321,146
Total liabilities and fund balances	\$ 34,744,790	\$ 443,394	\$ 7,587,407	\$ 24,486,284	\$ 692,398	\$ 5,671,874	\$ 1,525,973	\$ 75,152,120

* Balance netted to State Fund Investment Pool of \$6,611,062 on Exhibit 3.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 23

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

Year Ended June 30, 2010

	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
REVENUES								
Federal funds	\$ 62,079,911	\$ -	\$ 16,915,907	\$ 65,027,006	\$ -	\$ 40,677,209	\$ 1,514,241	\$ 186,214,274
Other state funds	299,105	-	2,848,454	84	-	1,539	-	3,149,182
Interest	1,252,668	683	-	-	-	-	-	1,253,351
Total revenues	63,631,684	683	19,764,361	65,027,090	-	40,678,748	1,514,241	190,616,807
EXPENDITURES								
Current operating:								
Health and Welfare	197,716,677	-	39,485,461	82,561,090	-	40,678,748	-	360,441,976
Public Safety	-	-	-	-	3,396,772	-	1,322,471	4,719,243
Capital outlay	1,041,913	-	-	-	-	-	-	1,041,913
Total expenditures	198,758,590	-	39,485,461	82,561,090	3,396,772	40,678,748	1,322,471	366,203,132
Excess (deficiency) of Revenues over expenditures	(135,126,906)	683	(19,721,100)	(17,534,000)	(3,396,772)	-	191,770	(175,586,325)
OTHER FINANCING SOURCES AND (USES)								
General fund appropriations	148,197,700	-	20,221,100	17,730,700	3,800,900	-	180,400	190,130,800
Special appropriations	757,800	-	-	-	-	-	-	757,800
Transfers from other State Agencies	152,155	-	-	-	-	-	15,000	167,155
Transfers to other State Agencies	(5,413,100)	-	-	-	(860,876)	-	(300,000)	(6,573,976)
General fund reversions	(8,510,192)	-	(500,000)	(196,700)	(182,800)	-	-	(9,389,692)
Total other financing sources and (uses)	135,184,363	-	19,721,100	17,534,000	2,757,224	-	(104,600)	175,092,087
Net change in fund balances	57,457	683	-	-	(639,548)	-	87,170	(494,238)
Fund balances, beginning of year	3,945,420	442,711	(46,703)	(33,257)	860,876	531,124	1,115,213	6,815,384
Fund balances, ending	\$ 4,002,877	\$ 443,394	\$ (46,703)	\$ (33,257)	\$ 221,328	\$ 531,124	\$ 1,202,383	\$ 6,321,146

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Cash Accounts

Year Ended June 30, 2010

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, 2010
General Fund:									
Wells Fargo Bank	Client Emergency Misc. Expenses	General	06700	Checking	No	\$ 48,891	\$ (1,085)	\$ 12,194	\$ 60,000
N/A	Petty Cash	General	06700	Petty Cash	-	1,200	-	-	1,200
Total General Fund cash						50,091	(1,085)	12,194	61,200
Fiduciary Funds:									
Bank of America	YDDC - Girls' Resident Trust	Agency	99600	Checking	No	15,983	(1,622)	8	14,369
Bank of America	J. Paul Taylor - Resident Trust	Agency	99600	Checking	No	6,863	(2,682)	-	4,181
Total Fiduciary Funds cash						22,846	(4,304)	8	18,550
Total Department cash						\$ 72,937	\$ (5,389)	\$ 12,202	\$ 79,750

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements

June 30, 2010

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
MOU	CYFD; ALTSD	CYFD	Transfer FACTS to ALTSD	09/01/2008 - 08/31/2010	CYFD 100%	\$.	
07-924-P527-0004	CYFD - Family Services - Public Education Department	CYFD 100%	Professional Development	7/1/2000 - Indefinite	CYFD 100%	.	CYFD 100%
07-690-00-00377	CYFD- Socorro Consolidated Schools	CYFD	Support Services for Teen Dads	07/01/2006- 06/30/2010	CYFD 100%	61,666	CYFD 100%
07-690-00-00676	CYFD - Eastern Plains Council of Governments	CYFD	Pregnant and Teen Mom Support	07/01/2006- 06/30/2010	CYFD 100%	65,000	CYFD 100%
07-690-00-01181	CYFD - City of Albuquerque	CYFD	Teen Mothers	07/01/2006- 06/30/2010	CYFD 100%	170,000	CYFD 100%
07-690-00-03822	CYFD - Santa Fe Community College	CYFD	Head Start Services - TANF Clients	07/01/2006- 12/31/2009	CYFD 100%	95,910	CYFD 100%
08-630-7903-0020	Human Services Department	HSD 100%	TANF Domestic Violence	2/1/2006 - Indefinite	HSD 100%	.	HSD 100%
08-690-00-04748	CYFD - City of Sunland Park	CYFD	Pre K Services - Sunland Park	07/01/2007 - 12/31/2009	CYFD 100%	176,700	CYFD 100%
08-690-00-04990	CYFD - Colfax County	CYFD	Childrens Trust Fund	07/01/2007 - 06/30/2010	CYFD 100%	25,000	CYFD 100%
08-690-00-04991	CYFD - Torrance County	CYFD	Childrens Trust Fund	07/01/2007 - 06/30/2010	CYFD 100%	35,000	CYFD 100%
08-690-00-05165	CYFD - City of Albuquerque	CYFD	Head Start Services - TANF Clients	07/01/2007 - 12/31/2009	CYFD 100%	58,874	CYFD 100%
08-690-00-05274	CYFD - Central Consolidated Schools	CYFD	Home Visiting Services	07/01/2007 - 06/30/2010	CYFD 100%	137,210	CYFD 100%
08-690-00-05277	CYFD - University of New Mexico	CYFD	Services to Families of Newborns	07/01/2007 - 06/30/2010	CYFD 100%	116,785	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 25
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Schedule of Joint Powers Agreements (Continued)

JPA Number (FY, Agency Code, 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
08-690-00-05278	CYFD - Ruidoso Municipal Schools	CYFD	Early Childhood and Home Visiting Services	07/01/2007 - 06/30/2010	CYFD 100%	\$ 108,785	CYFD 100%
08-690-00-05279	CYFD - NMSU School of Social Work	CYFD	Early Childhood Services	07/01/2007 - 06/30/2010	CYFD 100%	145,144	CYFD 100%
08-690-00-05281	CYFD - Santa Fe Public Schools	CYFD	Early Childhood Services	07/01/2007 - 06/30/2010	CYFD 100%	127,157	CYFD 100%
08-690-00-05781	CYFD - New Mexico State University	CYFD	Pre K Services	07/01/2007 - 06/30/2011	CYFD 100%	116,040	CYFD 100%
08-690-00-05810	CYFD - Mesquite Apache School	CYFD	Pre K Services	07/01/2007 - 06/30/2010	CYFD 100%	92,832	CYFD 100%
08-690-00-05812	CYFD - New Mexico Highlands University	CYFD	Pre K Services	07/01/2007 - 06/30/2010	CYFD 100%	46,416	CYFD 100%
08-690-00-05813	CYFD - University of New Mexico	CYFD	Pre K Services	07/01/2007 - 06/30/2010	CYFD 100%	266,892	CYFD 100%
08-690-00-05889	CYFD - City of Albuquerque	CYFD	Pre K Services	07/01/2007 - 06/30/2010	CYFD 100%	880,300	CYFD 100%
08-690-00-06037	CYFD - Dona Ana County Health and Human Services Department	CYFD	Parent - Child Education Program	07/01/2007 - 06/30/2010	CYFD 100%	96,000	CYFD 100%
08-690-00-06939	CYFD - UNM Medical Group	CYFD	Medical Services in Juvenile Facilities	07/01/2007 - 06/30/2011	CYFD 100%	1,125,000	CYFD 100%
08-690-00-07210	CYFD - Chaves County	CYFD	Child Abuse Prevention	07/01/2007 - 06/30/2011	CYFD 100%	25,000	CYFD 100%
09-630-7903-0009 09- 630-9000-0009	HSD, CYFD	HSD	Domestic Violence Services to TANF clients	07/01/2008 - 10/06/2009	CYFD 100%	-	HSD 100%
09-690-00-010340	CYFD - City of Albuquerque	CYFD	Provide Capital Outlay, remodel a classroom, setup portable classroom to expand capacity	07/01/2008 - 06/30/2010	CYFD 100%	469,946	CYFD 100%
09-690-00-07743	CYFD - Luna county	CYFD	Domestic Violence Services	07/01/2008 - 06/30/2011	CYFD 100%	186,641	CYFD 100%
09-690-00-08037	CYFD - San Juan County	CYFD	House JIS clients	07/01/2008 - 06/30/2011	CYFD 100%	843,150	CYFD 100%
09-690-00-08187	CYFD - Sandoval County	CYFD	Underage Drinking Prevention Program	07/01/2008 - 06/30/2011	CYFD 100%	86,000	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2010

JPA Number (FY, Agency Code, 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
09-690-00-08261	CYFD - NMSU School of Social Work	CYFD	Underage Drinking Prevention Program	07/01/2008 - 12/31/2009	CYFD 100%	\$ 30,000	CYFD 100%
09-690-00-08263	CYFD - Colfax County	CYFD	Underage Drinking Prevention Program	07/01/2008 - 05/31/2010	CYFD 100%	25,000	CYFD 100%
09-690-00-08299	CYFD - City of Moriarty	CYFD	Underage Drinking Prevention Program	07/01/2008 - 06/30/2011	CYFD 100%	25,000	CYFD 100%
09-690-00-08330	CYFD - County of Los Alamos	CYFD	Underage Drinking Prevention Program	07/01/2008 - 06/30/2010	CYFD 100%	20,000	CYFD 100%
09-690-00-08333	CYFD - NMSU School of Social Work	CYFD	Underage Drinking Prevention Program	07/01/2008 - 12/31/2009	CYFD 100%	20,000	CYFD 100%
09-690-00-08407	CYFD - University of New Mexico	CYFD	Database Maintenance and Evaluation/Web Site for Pre-K Program and Early Childhood Education Task Force	07/01/2008 - 06/30/2011	CYFD 100%	135,000	CYFD 100%
09-690-00-08813	CYFD - NMSU School of Social Work	CYFD	Database Maintenance and Evaluation/Web Site for Pre K Program and Early Childhood Education Task Force	07/01/2008 - 06/30/2010	CYFD 100%	23,250	HSD 100%
09-690-00-08831	CYFD - NMSU School of Social Work	CYFD	Training and Technical Assistance	07/01/2008 - 06/30/2012	CYFD 100%	182,104	CYFD 100%
09-690-00-08873	CYFD - Mescalero Apache Tribe	CYFD	Policies and Procedures	07/01/2008 - 09/30/2009	CYFD 100%	50,000	CYFD 100%
09-690-00-08908	CYFD - University of New Mexico	CYFD	Pre K Services up to 4th Birthday	07/01/2008 - 06/30/2011	CYFD 100%	58,020	CYFD 100%
09-690-00-08952	CYFD - University of New Mexico	CYFD	Training Curriculum for Probation and Detention Staff	07/01/2008 - 09/30/2010	CYFD 100%	100,000	CYFD 100%
09-690-00-08957	CYFD - Pueblo of Zia	CYFD	Childrens Code	07/01/2008 - 09/30/2009	CYFD 100%	33,960	CYFD 100%
09-690-00-09042	CYFD - Chaves County	CYFD	Services for Children of Incarcerated Parents	07/01/2008 - 06/30/2012	CYFD 100%	93,750	CYFD 100%
09-690-00-09446	CYFD - City of Truth of Consequences	CYFD	Youth Programs -Sierra Co.	07/01/2008 - 12/31/2010	CYFD 100%	37,000	CYFD 100%
09-690-00-09695	CYFD - City of Truth of Consequences	CYFD	Domestic Violence Capital Improvements	07/01/2008 - 06/30/2012	CYFD 100%	58,899	CYFD 100%
09-690-00-09703	CYFD - Sandoval County	CYFD	Domestic Violence Capital Improvements	07/01/2008 - 06/30/2012	CYFD 100%	368,444	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2010

JPA Number (FY, Agency Code, 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
09-690-00-09704	CYFD - City of Las Cruces	CYFD	Domestic Violence Capital Improvements	07/01/2008 - 06/30/2012	CYFD 100%	\$ 635,384	CYFD 100%
09-690-00-09706	CYFD - Chaves County	CYFD	Domestic Violence Capital Improvements	07/01/2008 - 06/30/2012	CYFD 100%	11,115	HSD 100%
10-690-00-10026	CYFD - University of New Mexico	CYFD	Rual Child Psychology Services to Support CBHTR	07/01/2009 - 06/30/2010	CYFD 100%	67,200	CYFD 100%
10-690-00-10027	CYFD - University of New Mexico	CYFD	Rual Child Psychology Services to Support CBHTR	07/01/2009 - 06/30/2009	CYFD 100%	68,654	CYFD 100%
10-690-00-10044	CYFD - University of New Mexico	CYFD	Home Visiting Training and Technical Assistance	07/01/2009 - 06/30/2011	CYFD 100%	195,000	CYFD 100%
10-690-00-10046	CYFD - San Miguel County	CYFD	Support Services for Children of Incarcerated Parents	07/01/2009 - 06/30/2010	CYFD 100%	25,000	CYFD 100%
10-690-00-10048	CYFD - Bernalillo County Metro Detention Center	CYFD	Non-Secure Alternatives	07/01/2009 - 06/30/2011	CYFD 100%	82,500	CYFD 100%
10-690-00-10049	CYFD - University of New Mexico	CYFD	Child Care Study	07/01/2009 - 12/31/2010	CYFD 100%	174,877	CYFD 100%
10-690-00-10106	CYFD - New Mexico Sentencing Commission	CYFD	Consulting Services	07/01/2009 - 06/30/2010	CYFD 100%	4,126	CYFD 100%
10-690-00-10107	CYFD - Pueblo of Zuni	CYFD	Domestic Violence Services	07/01/2009 - 06/30/2010	CYFD 100%	50,000	CYFD 100%
10-690-00-10145	CYFD - Region Education Cooperative IX	CYFD	Training and Professional Development for JJ Staff	07/01/2009 - 06/30/2010	CYFD 100%	10,000	CYFD 100%
10-690-00-10160	CYFD - NMSU School of Social Work	CYFD	Facilitate JJS Commission	07/01/2009 - 06/30/2010	CYFD 100%	30,000	CYFD 100%
10-690-00-10177	CYFD - University of New Mexico	CYFD	Pre K Website	07/01/2009 - 06/30/2011	CYFD 100%	1,002,215	HSD 100%
10-690-00-10273	CYFD - Department of Health	CYFD	Home Visiting Services	07/01/2009 - 06/30/2010	CYFD 100%	60,000	CYFD 100%
10-690-00-10274	CYFD - University of New Mexico	CYFD	Home Visiting Services	07/01/2009 - 06/30/2010	CYFD 100%	90,000	CYFD 100%
10-690-00-10275	CYFD - University of New Mexico	CYFD	Training	07/01/2009 - 06/30/2010	CYFD 100%	50,000	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2010

JPA Number (FY, Agency Code, 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
10-690-00-10301	CYFD - University of New Mexico	CYFD	Home Visiting Services	07/01/2009 - 06/30/2010	CYFD 100%	\$ 60,000	CYFD 100%
10-690-00-10316	CYFD - New Mexico Highlands University	CYFD	Stipends to Social Work Students who are Potential/ Current CYFD employees	07/01/2009 - 06/30/2010	CYFD 100%	2,042,079	CYFD 100%
10-690-00-10317	CYFD - Western New Mexico University	CYFD	Stipends to Social Work Students who are Potential/ Current CYFD employees	07/01/2009 - 06/30/2010	CYFD 100%	145,659	CYFD 100%
10-690-00-10318	CYFD - Navajo Nation	CYFD	Home Care Services on Navajo Reservation to persons older than 18	07/01/2009 - 06/30/2010	CYFD 100%	446,277	CYFD 100%
10-690-00-10335	CYFD - Torrance County	CYFD	Home Visiting	07/01/2009 - 06/30/2011	CYFD 100%	63,000	CYFD 100%
10-690-00-10339	CYFD - City of Las Cruces	CYFD	Provide continuum of Graduation Sanction Services to Juvenile Offenders	07/01/2009 - 06/30/2010	CYFD 100%	35,500	CYFD 100%
10-690-00-10356	CYFD - Eastern New Mexico University	CYFD	Title IV-E Training	07/01/2009 - 06/30/2010	CYFD 100%	143,871	CYFD 100%
10-690-00-10358	CYFD - Curry County	CYFD	Provide continuum of Graduation Sanction Services to Juvenile Offenders	07/01/2009 - 06/30/2010	CYFD 100%	63,679	HSD 100%
10-690-00-10365	CYFD - NMSU School of Social Work	CYFD	Pre K Capital Improvements	07/01/2009 - 06/30/2011	CYFD 100%	276,886	CYFD 100%
10-690-00-10366	CYFD - Mescalero Apache School	CYFD	Outdoor Learning Environment/ Playground Equipment for the NM Pre K Site	07/01/2009 - 06/30/2010	CYFD 100%	80,210	CYFD 100%
10-690-00-10367	CYFD - Miners Colfax Medical Center	CYFD	Offsite Speciality and Emergency Care for JJS Clients	07/01/2009 - 06/30/2010	CYFD 100%	5,000	CYFD 100%
10-690-00-10386	CYFD - Eddy County	CYFD	Domestic Violence Services	07/01/2009 - 06/30/2011	CYFD 100%	350,000	CYFD 100%
10-690-00-10392	CYFD - McKinley County	CYFD	Domestic Violence Services	07/01/2009 - 06/30/2011	CYFD 100%	100,000	CYFD 100%
10-690-00-10455	CYFD - Pueblo of Zuni	CYFD	Protective Services	07/01/2009 - 06/30/2010	CYFD 100%	23,500	CYFD 100%

STATE OF NEW MEXICO
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Schedule of Joint Powers Agreements (Continued)

June 30, 2010

JPA Number (FY, Agency Code, 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
10-690-00-10477	CYFD - City of Raton	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	\$ 33,495	CYFD 100%
10-690-00-10478	CYFD - Bernalillo County Metro Detention Center	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	267,080	CYFD 100%
10-690-00-10481	CYFD - County of Los Alamos	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	88,520	CYFD 100%
10-690-00-10482	CYFD - San Miguel County	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	55,003	CYFD 100%
10-690-00-10483	CYFD - City of Las Cruces	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	214,091	HSD 100%
10-690-00-10484	CYFD - McKinley County	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	145,951	CYFD 100%
10-690-00-10491	CYFD - City of Santa Fe	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	187,598	CYFD 100%
10-690-00-10492	CYFD - Lincoln County	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	103,960	CYFD 100%
10-690-00-10493	CYFD - Chaves County	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	145,952	CYFD 100%
10-690-00-10494	CYFD - Taos County	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	114,360	CYFD 100%
10-690-00-10495	CYFD - Sandoval County	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	266,644	CYFD 100%
10-690-00-10496	CYFD - Lea County	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	87,952	CYFD 100%
10-690-00-10497	CYFD - Rio Arriba County	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	123,100	CYFD 100%
10-690-00-10527	CYFD - Grant County	CYFD	Graduation Sanctions	07/01/2009 - 06/30/2010	CYFD 100%	61,619	CYFD 100%
10-690-00-10562	CYFD - NMSU School of Social Work	CYFD	IV-E Social Worker Training	07/01/2009 - 06/30/2010	CYFD 100%	1,574,020	CYFD 100%

STATE OF NEW MEXICO
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Schedule of Joint Powers Agreements (Continued)

June 30, 2010

JPA Number (FY, Agency Code, 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
10-690-00-10564	CYFD - City of Albuquerque	CYFD	Underage Drinking Prevention Program	07/01/2009 - 06/30/2011	CYFD 100%	\$ 45,000	HSD 100%
10-690-00-10682	CYFD - Human Services Department	CYFD	Reimbursement for Hurricane Services	07/01/2009 - 06/30/2010	CYFD 100%	265,277	CYFD 100%
10-690-00-10719	CYFD - Taos County	CYFD	Juvenile Offender Services	07/01/2009 - 06/30/2010	CYFD 100%	32,000	CYFD 100%
10-690-00-10747	CYFD - New Mexico Sentencing Commission	CYFD	Juvenile Justice Impact Study	07/01/2009 - 06/30/2010	CYFD 100%	100,000	CYFD 100%
10-690-00-10759	CYFD - Central New Mexico Community College	CYFD	Provide Courses in Early Childhood	07/01/2009 - 06/30/2010	CYFD 100%	200,000	CYFD 100%
10-690-00-10770	CYFD - City of Santa Fe	CYFD	Juvenile Justice Services	07/01/2009 - 06/30/2010	CYFD 100%	35,500	CYFD 100%
10-690-00-10841	CYFD - New Mexico Abilities	CYFD	Help Desk Support	07/01/2009 - 06/30/2010	CYFD 100%	46,925	CYFD 100%
10-690-00-10860	CYFD - New Mexico Abilities	CYFD	Website for DV Leadership Commission	07/01/2009 - 06/30/2010	CYFD 100%	7,003	CYFD 100%
10-690-00-10885	CYFD - New Mexico Abilities	CYFD	IV & V Services for FACTS Safety Modifications Project	07/01/2009 - 06/30/2010	CYFD 100%	7,284	CYFD 100%
10-690-00-11004	CYFD - Chaves County	CYFD	Provide Motherhood Training at Roswell Refuge	07/01/2009 - 06/30/2010	CYFD 100%	10,500	CYFD 100%
10-690-00-11059	CYFD - New Mexico Abilities	CYFD	Janitorial Services at the Maloof Building	07/01/2009 - 06/30/2010	CYFD 100%	22,646	CYFD 100%
10-690-00-11119	CYFD - Jicarilla Apache Nation Behavioral Health Department	CYFD	Domestic Violence Services	07/01/2009 - 06/30/2012	CYFD 100%	90,000	HSD 100%
10-690-00-11209	CYFD - NMSU School of Social Work	CYFD	Children's Law Instituc Conference	07/01/2009 - 06/30/2010	CYFD 100%	60,000	CYFD 100%
10-690-00-11223	CYFD - Department of Health	CYFD	School Based Behavioral Health	07/01/2009 - 06/30/2010	CYFD 100%	300,000	CYFD 100%
10-690-00-11235	CYFD - Rio Arriba County	CYFD	Juvenile Justice Community Corrections	07/01/2009 - 06/30/2011	CYFD 100%	40,000	CYFD 100%
10-690-00-11323	CYFD - University of New Mexico	CYFD	Circle of Security Training	07/01/2009 - 06/30/2010	CYFD 100%	50,000	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2010

JPA Number (FY, Agency Code, 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
10-690-00-11450	CYFD - Dona Ana County Health and Human Services Department	CYFD	Provide Family Education and Support Services in Dona Ana County	07/01/2009 - 06/30/2010	CYFD 100%	\$ 58,000	CYFD 100%
10-690-00-11593	CYFD - University of New Mexico	CYFD	Survey Youth Receiving Behavioral Health Services	07/01/2009 - 09/30/2010	CYFD 100%	15,000	CYFD 100%
10-690-00-12047	CYFD - New Mexico State University	CYFD	Independent Living Conference	07/01/2009 - 06/30/2011	CYFD 100%	40,000	CYFD 100%
10-690-00-9447	CYFD - City of Grants	CYFD	Youth Services	07/01/2009 - 09/31/2009	CYFD 100%	37,000	CYFD 100%
10-690-00-9943	CYFD - Luna Community College	CYFD	Conduct Conferences	07/01/2009 - 06/30/2010	CYFD 100%	5,000	CYFD 100%
10-690-00-9944	CYFD - New Mexico State University	CYFD	Independent Living Conference	07/01/2009 - 06/30/2010	CYFD 100%	40,000	CYFD 100%
10-690-9999-00- 01004	CYFD - Western New Mexico University	CYFD	Provide Training and Technical Assistance to Early Childhood Providers in Licensed Centers	07/01/2009 - 06/30/2010	CYFD 100%	274,405	HSD 100%
10-690-9999-00- 01005	CYFD - Eastern New Mexico University	CYFD	Provide Training and Technical Assistance to Early Childhood Providers in Licensed Centers	07/01/2009 - 06/30/2011	CYFD 100%	298,577	CYFD 100%
10-690-9999-00- 01006	CYFD - Santa Fe Community College	CYFD	Provide Training and Technical Assistance to Early Childhood Providers in Licensed Centers	07/01/2009 - 06/30/2010	CYFD 100%	402,801	CYFD 100%
10-690-9999-00- 01007	CYFD - NMSU School of Social Work	CYFD	Provide Training and Technical Assistance to Early Childhood Providers in Licensed Centers	07/01/2009 - 06/30/2011	CYFD 100%	867,334	CYFD 100%
10-690-9999-00- 01008	CYFD - University of New Mexico	CYFD	Provide Training and Technical Assistance to Early Childhood Providers in Licensed Centers	07/01/2009 - 06/30/2010	CYFD 100%	1,077,106	CYFD 100%
10-690-9999-00- 01009	CYFD - University of New Mexico	CYFD	Provide Training and Technical Assistance to Early Childhood Providers in Licensed Centers	07/01/2009 - 06/30/2010	CYFD 100%	265,346	CYFD 100%
10-690-9999-00- 01010	CYFD - University of New Mexico	CYFD	Statewide Child Care Resource Referral Service/New Mexico Kids Website	07/01/2009 - 06/30/2010	CYFD 100%	170,000	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2010

JPA Number (FY, Agency Code, 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
10-690-9999-00-01011	CYFD - University of New Mexico	CYFD	Provide Training and Technical Assistance to Early Childhood Providers in Licensed Centers	07/01/2009 - 06/30/2011	CYFD 100%	\$ 781,312	CYFD 100%
10-690-9999-00-01012	CYFD - Region Education Cooperative IX	CYFD	Plan and Host 2 Summits	07/01/2009 - 06/30/2010	CYFD 100%	4,500	CYFD 100%
10-690-9999-00-01014	CYFD - University of New Mexico	CYFD	Train Facilitators	07/01/2009 - 06/30/2010	CYFD 100%	50,405	CYFD 100%
10-690-9999-00-01015	CYFD - Region Education Cooperative IX	CYFD	ARRA-EC Initiatives	07/01/2009 - 06/30/2011	CYFD 100%	487,050	CYFD 100%
10-690-9999-00-03002	CYFD - Ruidoso Municipal Schools	CYFD	ARRA-Child Care Quality Improvement	07/01/2009 - 06/30/2010	CYFD 100%	2,480	HSD 100%
10-690-9999-00-03029	CYFD - University of New Mexico	CYFD	ARRA-Child Care Quality Improvement	07/01/2009 - 06/30/2010	CYFD 100%	2,500	CYFD 100%
10-690-9999-00-03031	CYFD - University of New Mexico	CYFD	ARRA-Child Care Quality Improvement	07/01/2009 - 06/30/2010	CYFD 100%	2,500	CYFD 100%
10-690-9999-00-03032	CYFD - Las Cruces Public Schools	CYFD	ARRA-Child Care Quality Improvement	07/01/2009 - 06/30/2010	CYFD 100%	2,486	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Agency Funds

June 30, 2010

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 26

Schedule of Changes in Assets and Liabilities - Agency Funds

Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Resident Agency Accounts</u>				
<u>Assets</u>				
Cash	\$ 44,147	\$ 4,347	\$ 29,944	\$ 18,550
<u>Liabilities</u>				
Deposits held for others	\$ 44,147	\$ 4,347	\$ 29,944	\$ 18,550
<u>Children's Social Security Agency Funds</u>				
<u>Assets</u>				
State Fund Investment Pool	\$ 1,189,313	3,654,396	\$ 3,769,352	\$ 1,074,357
Due to other funds	-	-	-	-
Due from other agencies	223	159	223	159
Total Assets	\$ 1,189,536	\$ -	\$ 3,769,575	\$ 1,074,516
<u>Liabilities</u>				
Deposits held for others	\$ 1,189,536	\$ 7,683,322	\$ 7,974,870	\$ 897,988
Due to other funds	-	176,528	-	176,528
Total Liabilities	\$ 1,189,536	\$ 7,859,850	\$ 7,974,870	\$ 1,074,516

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.

Z-Code	Amount Appropriated	Appropriation Adjustment	Adjusted Amount Appropriated	Cash Received to Date	Expenditures to Date	Amount to be Reverted	Balance as of 03/31/09	Program Area
290711	\$ 757,800	\$ -	\$ 757,800	\$ 757,800	\$ 718,783	\$ 39,017	\$ -	P576
								reverts in 10

Special Appropriation
Laws of 2009, 49th Legislature, Chapter 124, Section 7, Item 11
IT FACTS System Upgrade

SINGLE AUDIT INFORMATION

CHILDREN, YOUTH AND FAMILIES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Number	Accrued or (Deferred) Revenue at 6/30/2009	Federal Revenue	Federal Expenditures and Other	(Deferred) Accrued Revenue at June 30, 2010
U.S. Department of Agriculture						
Direct Programs						
Child and Adult Care Food Program 07	10.558	12-35-3511	\$ (3,333)	\$ -	\$ 3,333	\$ -
Child and Adult Care Food Program 08	10.558	12-35-3511	(5,046)	-	-	(5,046)
Child and Adult Care Food Program 09	10.558	12-35-3511	5,372,022	(13,876,919)	8,499,807	(5,090)
Child and Adult Care Food Program 10	10.558	12-35-3511	-	(22,739,467)	26,723,981	3,984,514
Summer Food Service Program 07	10.559	12-35-3511	(92,954)	-	92,954	-
Summer Food Service Program 08	10.559	12-35-3511	4,328	-	-	4,328
Summer Food Service Program 09	10.559	12-35-3511	1,835,657	(4,361,002)	2,500,903	(24,442)
Summer Food Service Program 10	10.559	12-35-3511	-	(1,937,462)	3,716,442	1,778,980
State Administrative Expense 08	10.560	12-35-3511	193,783	(193,783)	-	-
State Administrative Expense 09	10.560	12-35-3511	66,310	(494,633)	470,817	42,494
State Administrative Expense 10	10.560	12-35-3511	-	(224,971)	387,448	162,477
Subtotal			7,370,767	(43,828,237)	42,395,685	5,938,215
U.S. Department of Agriculture						
Passed through NM Department of Education						
National School Lunch - JPTC 07-08	10.555	12-35-3523-93	5,357	(5,357)	-	-
National School Lunch - NMBS 08-09	10.555	12-35-3523-93	1,692	(1,692)	-	-
National School Lunch - YDDC 08-09	10.555	12-35-3523-93	46,143	(46,143)	-	-
National School Lunch - JPTC 08-09	10.555	12-35-3523-93	14,381	(14,381)	-	-
National School Lunch - NMBS 09-10	10.555	12-35-3523-93	-	(1,378)	1,378	-
National School Lunch - YDDC 09-10	10.555	12-35-3523-93	-	(242,295)	264,141	21,846
National School Lunch - JPTC 09-10	10.555	12-35-3523-93	-	(79,282)	86,429	7,147
Subtotal			67,573	(390,528)	351,948	28,993
U.S. Department of Agriculture						
Passed through NM Human Services Department						
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	(986)	-	986	-
Education and Training 09	10.561	N/A	150,250	(300,500)	150,250	-
Education and Training 10	10.561	N/A	-	(300,500)	450,750	150,250
Subtotal			128,376	(601,000)	622,874	150,250
Total Department of Agriculture						
			\$ 7,566,716	\$ (44,819,765.0)	\$ 43,370,507	\$ 6,117,458

CHILDREN, YOUTH AND FAMILIES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Number	Accrued or (Deferred) Revenue at 6/30/2009	Federal Revenue	Federal Expenditures and Other	(Deferred) Accrued Revenue at June 30, 2010
U.S. Department of Health and Human Services						
Direct Programs						
Children's Justice FY07	93.643	G-0701NMCJA1	\$ 35,451	\$ (72,936.0)	\$ 37,485	\$ -
Children's Justice FY08	93.643	G-0801NMCJA1	-	(72,001)	110,787	38,786
Headstart Collaboration Grant 08	93.600	06-CD0016/02	29,706	(43,469)	5,198	(8,565)
Headstart Collaboration Grant 09	93.600	06-CD0016/03	-	(45,795)	63,714	17,919
Child Care and Development Fund Grant 09	93.596	G-0901NMCDDF	13,300,747	(23,958,070)	10,657,323	-
Child Care and Development Funds Grant 09 - ARRA	93.713	G-0901NMCDD7	-	(9,820,539)	10,987,478	1,166,939
Child Care and Development Funds Grant 10	93.596	G-1001NMCDDF	-	(13,006,844)	28,663,383	15,656,539
Promoting Safe and Stable Families	93.556	G-0801NMOOFF	1,260,047	(2,270,758)	1,003,085	(7,626)
Promoting Safe and Stable Families	93.556	G-0901NMFSS	-	(1,076,758)	2,126,269	1,049,511
Promoting Safe and Stable Families (caseworker visits)	93.556	G-0811NMFSS	127,860	(362,578)	234,718	-
Promoting Safe and Stable Families (caseworker visits)	93.556	G-0911NMFSS	-	(49,389)	49,389	-
Promoting Safe and Stable Families (caseworker visits)	93.556	G-0811NMFPCV	-	(5,013)	59,619	54,606
Promoting Safe and Stable Families (caseworker visits)	93.556	G-0911NMFPCV	-	(5,013)	59,619	-
Child Abuse and Neglect (CAN) Part I 06	93.669	G-0601NMCAN1	187,881	(187,881)	-	70,751
Child Abuse and Neglect (CAN) Part I 07	93.669	G-0701NMCAN1	132,505	(138,012)	76,258	29,692
Child Abuse and Neglect (CAN) Part I 08	93.669	G-0801NMCAN1	-	-	197,116	50,486
Community Based Family Resource Program 06	93.590	G-0601NMFRRPG	330,151	(476,781)	91,459	91,459
Community Based Family Resource Program 07	93.590	G-0701NMFRRPG	-	-	91,459	1,346,560
Title IV-E Foster Care 03	93.658	G-0301NMI401	1,346,560	-	-	51,145
Title IV-E Foster Care 04	93.658	G-0401NMI401	51,145	-	-	-
Title IV-E Foster Care 09	93.658	G-0901NMI401	5,511,869	(8,929,062)	3,417,193	(5,824)
Title IV-E Foster Care 09 ARRA	93.658	G-0901NMI402	4,550	(93,458)	83,084	4,302,226
Title IV-E Foster Care 10	93.658	G-1001NMI401	-	(14,329,087)	18,631,313	36,632
Title IV-E Foster Care 10 ARRA	93.658	G-1001NMI402	-	(239,949)	276,581	(154,318)
Title IV-E Adoption Assistance 03	93.659	G-0301NMI407	(154,318)	-	-	-
Title IV-E Adoption Assistance 04	93.659	G-0401NMI407	(81,474)	-	-	(81,474)
Title IV-E Adoption Assistance 05	93.659	G-0501NMI407	139,040	-	-	139,040
Title IV-E Adoption Assistance 08	93.659	G-0801NMI407	2,135	-	-	2,135
Title IV-E Adoption Assistance 09	93.659	G-0901NMI407	1,222,510	(3,338,410)	2,115,900	-
Title IV-E Adoption Assistance 09 ARRA	93.659	G-0901NMI403	20,053	(338,972)	316,251	(2,668)
Title IV-E Adoption Assistance 10	93.659	G-1001NMI407	-	(12,289,978)	13,351,957	1,061,979
Title IV-E Adoption Assistance 10 ARRA	93.659	G-1001NMI403	-	(960,883)	1,065,381	104,498
Title IV-B CWS 09	93.645	G-0901NMI400	857,223	(1,273,282)	416,059	-
Title IV-B CWS 10	93.645	G-1001NMI400	-	(1,193,144)	1,193,144	-
Title IV-E Independent Living 08	93.674	G-0801NMI420	131,787	(192,156)	44,824	(15,545)
Title IV-E Independent Living 09	93.674	G-0901NMI420	-	(283,659)	558,384	274,725
Subtotal			\$ 24,455,428	\$ (95,048,864)	\$ 93,863,044	\$ 25,269,608

CHILDREN, YOUTH AND FAMILIES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Number	Accrued or (Deferred) Revenue at 6/30/2009	Federal Revenue	Federal Expenditures and Other	(Deferred) Accrued Revenue at June 30, 2010
Education and Training Voucher Program	93.599	G-0801NMCETV	\$ 21,337	\$ (124,975)	\$ 76,307	\$ (27,331)
Education and Training Voucher Program	93.599	G-0901NMCETV	-	(56,380)	75,609	19,229
Family Violence Prevention 08	93.671	G-0801NMFVPS	(415,576)	(500,846)	916,422	-
Family Violence Prevention 09	93.671	G-0901NMFVPS	-	(461,848)	14,192	(447,656)
Social Services Block Grant 09	93.667	G-0901NMSOSR	109,114	(2,845,605)	2,736,491	-
Social Services Block Grant 10	93.667	G-1001NMSOSR	-	(8,195,292)	5,111,900	(3,083,392)
Adoption Incentive Payment Program	93.603	G-0701NMAIPP	(4,027)	-	-	(4,027)
Adoption Incentive Payment Program	93.603	G-0801NMAIPP	548	(65,079)	64,531	-
Adoption Incentive Payment Program	93.603	G-0901NMAIPP	-	(602)	6,313	-
Access & Visitation Program 07	93.597	G-0701NMSAVP	21,483	(21,483)	-	5,711
Access & Visitation Program 08	93.597	G-0801NMSAVP	11,348	(57,952)	46,604	-
Access & Visitation Program 09	93.597	G-0901NMSAVP	-	(65,870)	89,037	-
Families and Organizations Collaborating for a United System (FOCUS)	93.104	IU79SM059020-01	-	(2,411)	448,734	-
Behavioral Health System Transformation Grant (carryover year 2)	93.243	S-U79SM057464-02-01	85,393	(85,393)	-	-
Behavioral Health System Transformation Grant (year 3)	93.243	S-U79SM057464-03	89,494	(89,494)	-	-
Behavioral Health System Transformation Grant (carryover year 3)	93.243	S-U79SM057464-04	794	(855,758)	854,964	-
Behavioral Health System Transformation Grant (year 4)	93.243	S-U79SM057464-04	1,110,686	(1,989,370)	878,684	-
Behavioral Health System Transformation Grant (carryover year 4)	93.243	S-U79SM057464-05	-	-	150,932	150,932
Behavioral Health System Transformation Grant (year 5)	93.243	S-U79SM057464-05	-	(571,200)	1,593,900	1,022,700
Child Care and Development Fund	93.596	G-0901NMCDDF	9,950,782	(18,033,386)	8,082,604	-
Child Care and Development Fund	93.596	G-1001NMCDDF	-	(21,085,631)	31,536,696	10,451,065
TANF (Domestic Violence) FY 06	93.unknown		(71,327)	-	71,327	-
TANF (Domestic Violence) FY 08	93.unknown		(494,117)	-	494,117	-
TANF (Domestic Violence) FY 09	93.unknown		1,549,363	(1,549,363)	-	-
TANF (Domestic Violence) FY 10	93.unknown		-	(3,600,000)	3,600,000	-
TANF (Domestic Violence) FY 10	93.unknown		-	(375,000)	500,000	125,000
TANF (Homevisiting) FY 10	93.unknown		-	(1,125,000)	1,500,000	375,000
TANF (Pre-K) FY 10	93.unknown		-	-	-	-
Subtotal			11,965,295	(61,757,938)	58,849,364	9,056,721
Total Department of Health and Human Services			\$ 36,420,723	\$ (156,806,802)	\$ 154,712,408	\$ 34,326,329

CHILDREN, YOUTH AND FAMILIES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Number	Accrued or (Deferred) Revenue at 6/30/2009	Federal Revenue	Federal Expenditures and Other	(Deferred) Accrued Revenue at June 30, 2010
U.S. Department of Justice Direct Programs						
Juvenile Accountability Incentive Block Grant	16.523	2006-JB-FX-0054	\$ 309,427	\$ (342,863)	33,436	-
Juvenile Accountability Incentive Block Grant	16.523	2007-JB-FX-0071	52,866	-	193,726	246,592
JJDP Formula Grant	16.540	2007-JF-FX-0025	356,161	(568,812)	202,651	-
JJDP Formula Grant	16.540	2008-JF-FX-0005	11,790	(16,213)	246,709	242,286
JJDP Formula Grant	16.540	2009-JF-FX-0014	-	-	-	-
JJDP - Title V	16.540	2006-JP-FX-0054	26,250	(26,250)	-	-
JJDP - Title V	16.540	2007-JP-FX-0012	15,810	(32,931)	59,440	42,319
JJDP - Title V	16.540	2008-JP-FX-0055	-	-	2,250	2,250
Enforcing the Underage Drinking Laws Block Grant	16.727	2007-AH-FX-0013	230,918	(341,170)	110,252	-
Enforcing the Underage Drinking Laws Block Grant	16.727	2008-AH-FX-0011	-	-	217,505	217,505
Truancy Prevention and Intervention	16.548	2009-JL-FX-0137	-	(300,000)	300,000	-
Total Department of Justice			1,003,222	(1,618,239)	1,365,969	750,952
U.S. Department of Education Passed through NM Department of Education						
Title I 08	84.013	N/A	87,252	-	-	87,252
Title I 09	84.013	N/A	178,437	(92,788)	-	85,649
Title I 10	84.013	N/A	-	(36,051)	129,990	93,939
Title II 10	84.unknown	N/A	-	-	2,478	2,478
Special Ed Idea B 07	84.unknown	N/A	309,278	-	-	309,278
Special Ed Idea B 08	84.unknown	N/A	(30,489)	-	-	(30,489)
Special Ed Idea B 09	84.unknown	N/A	49,542	(11,817)	280	38,005
Special Ed Idea B 10	84.unknown	N/A	-	(42,818)	86,532	43,714
Special Ed Idea B 09 ARRA	84.unknown	N/A	-	-	41,530	41,530
Carl Perkins 09	84.unknown	N/A	7,969	(6,722)	-	1,247
Carl Perkins 10	84.unknown	N/A	-	-	10,028	10,028
Teacher Mentoring Program FY10	84.unknown	N/A	-	-	350	350
School Library Go Bond 08	84.unknown	N/A	2,627	(2,935)	-	(308)
School Library Go Bond 10	84.unknown	N/A	-	-	6,910	6,910
Total Department of Education			\$ 604,616	(193,131)	\$ 278,098	\$ 689,583

CHILDREN, YOUTH AND FAMILIES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2010

Federal Grantor / Pass-Through Grantor / Program Title	Federal CFDA Number	Grant Number	Accrued or (Deferred) Revenue at 6/30/2009	Federal Revenue	Federal Expenditures and Other	(Deferred) Accrued Revenue at June 30, 2010
Commission for National & Community Service						
Americorps Admin	94.006	07CAHNM001	\$ 50,180	\$ (105,883)	\$ 55,703	\$ -
Americorps Admin	94.006	10CAHNM001	-	(34,659)	77,163	42,504
Americorps Training (PDAT)	94.006	08PTHNM001	31,351	(59,835)	69,622	41,138
Americorps Disability	94.006	08CDHNM001	6,119	(23,055)	25,556	8,620
Americorps Competitive	94.006	06ACHNM001	281,988	(453,448)	315,219	143,759
Americorps Competitive	94.006	09ACHNM001	-	(337,960)	458,532	120,572
Americorps Competitive ARRA	94.006	09RCHNM002	-	(251,991)	289,956	37,965
Americorps Formula	94.006	06AFENM001	141,822	(533,650)	606,086	214,258
Americorps Formula ARRA	94.006	09RFHNM001	-	(138,675)	178,851	40,176
Learn and Serve America	94.004	09KSWNM002	-	(56,651)	119,505	62,854
Total Commission for National & Community Service			511,460	(1,995,807)	2,196,193	711,846
TOTAL FEDERAL FINANCIAL ASSISTANCE						
			\$ 46,106,737	\$ (205,433,744)	\$ 201,923,175	\$ 42,596,168

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

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2010

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 27	\$	201,923,175
Less payments of deferred revenue included in Exhibit 5 expenditures and others		719,789
		201,203,386
Federal revenue per Exhibit 5	\$	201,203,386
Federal financial assistance receivable per schedule 27	\$	42,596,168
Deferred revenue relating to advances received per the schedules		3,903,801
		46,499,969
		46,499,969
Reconciliation to the financial statements		
Due from other state agencies - FACTS	\$	10,474,565
Due from other state agencies - ARRA		41,530
Due from other state agencies - Pre-kindergarten		375,000
Accounts receivable from federal government - Federal grants receivable per Note 4		35,608,874
		35,608,874
	\$	46,499,969

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2010

Note C. Funds Passed through to Subrecipients

<u>CFDA Federal Program Title</u>	<u>Grantor</u>	<u>CFDA #</u>	<u>YTD EXP</u>
Federal expenditures include funds passed through to subrecipients as follows:			
Child and Adult Care Food Program	U.S. Department of Agriculture	10.558	\$ 34,610,103
Summer Food Service Program	U.S. Department of Agriculture	10.559	5,784,183
State Administrative Expense	U.S. Department of Agriculture	10.560	6,417
JJDP Formula Grant & JJDP Title V Grant	U. S. Department of Justice	16.501	540,321
Juvenile Accountability Incentive Block Grant	U. S. Department of Justice	16.523	148,643
Truancy Prevention and Intervention	U. S. Department of Justice	16.548	61,690
Enforcing the Underage Drinking Laws Block Grant	U. S. Department of Justice	16.727	212,045
Behavioral Health System Transformation Grant	U.S. Department of Health and Human Services	93.243	377,564
Promoting Safe and Stable Families	U.S. Department of Health and Human Services	93.556	2,634,941
CAPTA-Community Based Family Resource Program	U.S. Department of Health and Human Services	93.590	262,078
Access & Visitation Program	U.S. Department of Health and Human Services	93.597	271,574
Children's Justice	U.S. Department of Health and Human Services	93.643	29,000
Title IV-E Foster care	U.S. Department of Health and Human Services	93.658	3,401,601
Child Abuse and Neglect (CAN) Part I	U.S. Department of Health and Human Services	93.669	133,417
Family Violence Prevention	U.S. Department of Health and Human Services	93.671	1,222,857
Title IV-E Independent Living	U.S. Department of Health and Human Services	93.674	749,145
Child Care Developmental Funds Grant 09-ARRA	U.S. Department of Health and Human Services	93.713	2,131,214
TANF Domestic Violence	U.S. Department of Health and Human Services	93.unknown	3,600,000
TANF Homevisiting	U.S. Department of Health and Human Services	93.unknown	500,000
TANF Pre-Kindergarten	U.S. Department of Health and Human Services	93.unknown	1,500,000
Americorps Admin	U. S. Commission for National & Community Service	94.006	87,234
Americorps Competitive/Formula	U. S. Commission for National & Community Service	94.006	1,847,862
Americorps Disability	U. S. Commission for National & Community Service	94.006	12,500



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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, 2010, which collectively comprise the Department's basic financial statements and have issued our report thereon dated December 10, 2010. 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, 2010, 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

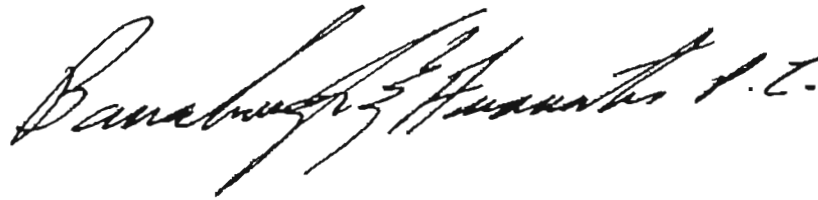
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiencies are described in 07-01 and 08-01.

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 07-01, 08-01, 10-02 and 10-03. We noted certain matters that are required to be reported under *Government Auditing Standards* paragraphs 5.14 and 5.16 and 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, 09-03, 09-04, and 10-01.

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, 2010

"25 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,
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, 2010. 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, 2010. 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, 08-01, 10-02 and 10-03.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 07-01 and 08-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, 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, 2010

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

Status of Prior Year Audit Findings

Year Ended June 30, 2010

<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
08-02	Capital Assets	✓		08-02
08-01	Internal Audit Function	✓		08-01
09-01	Disbursements		✓	
09-02	Cash reconciliations		✓	
09-03	Cell Phone Lost or Stolen	✓		09-03
09-04	Payroll	✓		09-04
09-05	Sub-receipt monitoring	✓		08-01

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

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 deficiencies relating to the audit of the financial statements as reported in the Schedule of Findings and Questioned Costs are not considered to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the Department were disclosed during the audit.
4. Two significant deficiencies relating to the audit of the major federal award programs are reported. The significant deficiencies are not reported as material weaknesses.
5. The auditors' report on compliance for the major federal award programs for the Department expresses an unqualified opinion.
6. There are four current year findings and a follow up of three 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:

Program Name	CFDA Number
Child and Adult Care Food Program	10.558
Summer Food Service Program	10.559
Child Care and Development Funds	93.596
Child Care and Development Funds ARRA	93.713
Title XX	93.667
Promoting Safe and Stable Families	93.556
Title IV E Foster Care	93.658
Title IV E Foster Care ARRA	93.658
Title IV E Adoption Assistance	93.659
Title IV E Adoption Assistance ARRA	93.659
Behavioral Health System Transformation	93.243
TANF (Domestic Violence)	93.unknown
Special Ed Idea B ARRA	84.unknown
Americorps Competitive ARRA	94.006
Americorps Formula ARRA	94.006

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, 2010

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

07-01 Computer Conversion and Reconciliations – Significant Deficiency

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 record entries to properly record federal revenue to the general ledger as part of the year end audit process.

As a result of the year end reconciliation process, the Department had originally recorded a transfer of \$2,249,862 to another state agency as a debit to Federal revenue in the general ledger and is adjusted for in the financial statements and is reflected as a reconciling item from the budgetary basis to GAAP reconciliation. Also in the reconciliation process the Department determined that deferred revenue increased at June 30, 2010 because of timing differences in the Federal draws and when the expenditures had been recorded to the general ledger. The Department has \$3,903,801 of deferred revenue on the general ledger and the schedule of expenditures of federal awards of which \$275,357 of deferred revenue amounts that have not changed from the prior year also need to be resolved with the applicable Federal agency.

Criteria:

The federal revenues and corresponding accounts receivable or deferred revenue and due to federal government should be reconciled by individual fund and component parts of the general fund before the year end audit process starts. Transfers need to be budgeted and recorded as transfers to other state agencies.

Effect:

\$3,903,801 is recorded as deferred revenue. The lack of the grant module to properly record federal revenue, accounts receivable and deferred revenue to the SHARE general ledger increases the risk that draws occur before the expenditure is recorded to the general ledger and federal reporting could be incorrect. An audit entry was needed to record the transfer to another state agency.

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, accounts receivable and deferred revenue recorded to the SHARE general ledger to the draws during the year.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

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

07-01 Computer Conversion and Reconciliations (Continued)

Recommendation:

The reconciliation of federal revenue, accounts receivable and deferred revenue to the draws and the effect of accounts payable to determine the amount due from or due to 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 receivable, accounts payable, deferred revenue, due to federal government and other corresponding entries are done timely to the SHARE general ledger. Transfers to other state agencies need to be recorded properly.

Management Response:

CYFD staff will continue its efforts to fully reconcile federal revenue recorded to federal grant draw downs on a quarterly basis. During FY09 CYFD began this process but due to budget shortfalls and a state wide hiring freeze was not able to acquire the resources necessary to fully implement this very time consuming process. The lack of resources and the budget shortfall continued in FY10, which hampered its effort to address this issue. CYFD will once again review its current process and staffing and reallocate existing resources to fully implement this manual quarterly reconciliation process. CYFD will continue to work independently from the SHARE system to validate, reconcile and record federal revenue, federal expenditures, deferred revenue, accounts payable and receivable transactions and transfers to other state agencies.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

B. Findings – Financial Statement Audit (Continued)

09-03 Cell Phone Expenditures – Lack of Supporting Documentation

Condition:

During our internal controls test work of cell phone and equipment expenditures, we found the following instance:

- There were 20 cell phones and equipments out of 65 cell phones and equipments tested that did not trace to the purchase order or to the invoice filed for three reporting categories. The total for this invoice is \$1,190.

Criteria:

Good internal controls require proper supporting documentation for the agreement of goods and services purchased.

Effect:

Without proper supporting documentation, expenditures could be overspent or incorrectly paid.

Cause:

The Department did not maintain supporting documentation for all of cell phones and equipment being paid for three reporting categories.

Recommendation:

We recommend the Department maintain and file proper support for every expenditure transaction and check the agreement of invoices before paying.

Management's Response:

Management concurs with the finding regarding cellular telephone accountability. Prior direction from Pre-Audit section to the divisions within CYFD was such documentation was not required to be provided with the payment vouchers, but rather the divisions were instructed to keep it with backup at field level. At the same time, our Purchasing section did not require purchase orders to have relative information tying any given cell phone within its description. Accordingly, administrative procedures at the field office as well as at the division level will be enhanced to ensure accountability for compliance with the Procurement Code. The purchasing section will now require documentation tying each cell phone number to the relative department codes and reporting categories prior to approval when establishing the purchase documents for the fiscal year.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

B. Findings – Financial Statement Audit (Continued)

09-04 Personnel File is Missing PAR and Employee Evaluations

Condition:

During our test work of payroll, we found the following exceptions:

- Two out of eighteen employee files tested were missing the required annual employee evaluations completed by the employee's anniversary date documented in the personnel file.
- One employee file out of eighteen employee files tested was missing the PERA membership form. This form authorizes the PERA deduction from the employee's wages.
- One employee file out of five governor exempt employee files tested was not properly documenting the pay rate increase.

Criteria:

Per 1.7.9.9(B) NMAC states the performance and development career employee shall be reviewed semi-annually and appraised by the immediate supervisor on an annual basis completed by the employee's anniversary date.

Per SPB Rules and Regulations 1.7.1.12 Employment Records states the director and agencies shall maintain a record of each employee's employment history in accordance with operational necessity and applicable state and federal law requirements.

Per Section 10-11-3 NMSA 1978 Membership states each employee and elected official of every affiliated public employer shall be a member of the association.

Per DFA Policies for GOVEX employees – Policy No. ESPP 50.a states to request a salary increase an agency shall submit an original Personnel/Position Action Request Form (PPARF) to the Governor's office and/or the DFA Administrative Services Division; code the action as pay rate change and the reason as an authorized increase.

Cause:

The Department did not monitor to ensure the evaluations and the PERA membership form was included in the employee's file. Also, the Department did not properly document a request for a salary increase for a governor exempt employee.

Effect:

The management and the CYFD Human Resources Department do not have the proper information timely to effectively make necessary decisions, if any. There are not proper checks and balances of internal control processes to monitor employees' evaluation are completed timely and the documentation is included in the file.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

B. Findings – Financial Statement Audit (Continued)

09-04 Personnel File is Missing PAR and Employee Evaluations (Continued)

Recommendation:

We recommend the Department's Personnel Action Request forms and employee evaluations are documented in the employees' file. It would be important for the Department to have an Internal Audit function to ensure through additional test work during the year to identify any issues in the future.

Management Response:

The two employees in question are both employed in JJS facilities. Due to changes in work schedules and supervisors, these two employees did not receive their annual performance appraisal in a timely manner. They have since been completed and are recorded both in SHARE and their personnel file. To prevent future occurrences, the HR office for facilities has established a new procedure to monitor completion of employee evaluations as well as a training program for supervisors at the facilities to address this issue.

The employee in question received all the proper paperwork to have included in his payroll file. The employee failed to return the PERA membership form; however that fact did not impact his membership, his contribution to PERA, nor his beneficiary election. He was notified on several occasions to return the form, but failed to do so. He has since completed the form and it is in his file. As a result of this finding, HR generalists have listed specific forms that an employee must complete and return on a checklist to ensure their files are complete.

The Governor Exempt employee's salary was adjusted as part of a general salary increase authorized by the state Legislature; therefore a PPARF was not required. The salary adjustments, which occurred in previous fiscal years (July 06, July 07 and July 08) were made in compliance with HB 2.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

B. Findings – Financial Statement Audit (Continued)

10-01 Lack of Written Policy for John Paul Taylor Center Resident Trust Account – Incentive Pay

Condition:

During our Cash test work, we found the John Paul Taylor Center (JPTC) -- Resident Trust Account's June 2010 - Bank Reconciliation's supporting documentation, or the Client Trust Accounts Summary sheets showing seven clients out of a total of 119 clients with a negative balance. The negative balance total amount is \$251 which presents overdrawn clients trust accounts.

The JPTC - Financial Specialist states he allows the clients in the JPTC facility to overdraw their trust accounts when the State of New Mexico owes the client money for incentive pay. He states, "As of now JPTC has not received the incentive pay for June 2010, July 2010, and August 2010."

The JPTC - Financial Specialist states he carries numerous outstanding checks because the client's that are paroled cannot be located after they leave Juvenile Justice Services. He states he does not forward the money to State Treasury in case a client returns to JPTC.

Criteria:

Per 2.20.5.3 NMAC, "requires the division prescribe procedures, policies, and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions."

Per Section 6-10-2 NMSA 1978 states, "the cash record shall be balanced daily so as to show the balance of public money on hand at the close of each day's business."

Cause:

Both the Juvenile Justice Services (JJS) - Acting Business Manager and the JPTC - Financial Specialist state CYFD has no written policy for its Juvenile Justice Services' Client Trust Accounts – Incentive Pay. The Department only has a handbook which is used for training the Department's new employees. This handbook references an outdated YDDC & ACA Policy from 1986 when the JJS was under a different agency, or the Corrections Department. The JJS - Acting Business Manager states this 1986 policy is just a guide.

Effect:

The Department is in noncompliance with NMAC Section 2.20.5.3 and Section 6-10-2 NMSA 1978.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

B. Findings – Financial Statement Audit (Continued)

10-01 Lack of Written Policy for John Paul Taylor Center Resident Trust Account – Incentive Pay

Recommendation:

We recommend that CYFD update its Policies and Procedures to include written policies for the Client's Trust Accounts – Incentive Pay for all of CYFD's Juvenile Justice Services which includes the John Paul Taylor Center. All of the Juvenile Justice Service's residents or clients should be paid on a timely-basis for their work performance within the JJS facilities. The outstanding checks for the released clients (un-located) should be mailed to the Unclaimed Property's Unit at NM Taxation and Revenue Department.

Management's Response:

Both Juvenile Justice and Administrative Services management have recognized the need for written policy regarding accounting for and tracking of all client trust funds including the incentive pay program. CYFD has been working to compile policy and procedures regarding all client trust funds.

Further, it must be noted that the JPTC- financial specialist made an independent decision to allow the Resident Trust Account to go into a negative balance without consulting managers within his chain of command. Since this situation has come to light, the JJS Deputy Director has instructed the J Paul Center Superintendent to stop this practice. Further, it was determined that incentive pay warrants were taking, on the average, less than thirty days to be issued and there was no reason for accounts to be allowed to go into a negative status.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

B. Findings - Financial Statement Audit (Continued)

08-02 Capital Assets

Condition:

Proper capital asset additions in the amount of \$81,659 were not marked or tagged by the Department. The Department also originally recorded \$39,896 in capital asset dispositions. The additions were excluded from the capital asset listing provided by the Department and upon further audit testwork the deletions were originally recorded in error. The additions were excluded from the capital asset year-end physical inventory. It was also noted the Department paid \$1,359 in gross receipt tax in error for the capital asset additions.

Criteria:

Compliance with the Manual of Model Accounting Practices (MAP) requires that the Department to mark or tag each capital asset at the time it is acquired with a unique number that identifies the agency and the specific asset, enter the capital asset into the capital asset listing and physically inventory and verify the capital asset at least annually. The Department is not required to pay gross receipts tax on tangible property.

Effect:

Capital asset additions and deletions were not in compliance with MAP. The annual inventory was not performed properly. The Department paid of gross receipts tax on three invoices resulting in an overpayment of \$1,359.

Cause:

The Department did not ensure capital asset additions and deletions were accounted for during the year-end physical inventory process. The pre-audit function did not reject payment of gross receipts tax on the tangible goods.

Recommendation:

The Department should follow capital asset internal controls to ensure that capital assets comply with MAP. The Department should train the pre-audit Department to reject payments that include gross receipts tax on tangible property.

Management Response:

The Capital Asset Additions in the amount of \$81,659 were marked and tagged and held in a pending file in order to verify if gross receipt tax imposed was proper. During posting and processing of the entries supporting this transaction, the agency experienced a server failure and crash which resulted in the loss of this transaction. This transaction was restored and corrected and all reports affected by this failure were revised and updated.

To avoid a repeat of this finding the CYFD Capital Asset Office will not hold additions pending further verification and will process additions as they occur.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

C. Findings and Questioned Costs – Major Federal Award Programs Audit

Finding relating to both the Financial Statements and all Federal Awards Programs are 07-01 and 08-01:

08-01 Internal Audit Function – Significant Deficiency

Condition:

In the 2008 Fiscal Year, a fraud was detected that had been ongoing for several years. Approximately \$436,000 loss had occurred in 2008. The fraud was perpetrated by employees that were not detected timely because there was no outside on-site internal audit of the program expenditures. The 2010 budget did not provide resources to establish an operating internal audit function. During the 2010 fiscal year there were allegations of irregular activity that were either investigated by the Department's accounting staff or the Office of the State Auditor.

The Department does onsite visits to various sub-recipients of Federal and State funds in addition to reviewing the sub-recipients audit reports. These visits are mainly operational but should be expanded to financial areas to determine amounts owed back, if any, to the Department for overbilling or other financial impact to the Department.

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 internal or sub-recipient fraudulent activity.

Effect:

The Department's internal audit function does not have adequate resources to perform on-site internal audits of the Department's various locations. A properly operating internal audit department should have the primary responsibility to investigate claims or allegations of fraud with the approval from the Office of the State Auditor and perform audits of sub-recipient transactions with the Department.

Cause:

The Department's internal audit function has not had resources allocated to conduct on-site internal audits of the Department's programs due to budgetary restrictions. 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.

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.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

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

Findings relating to both the Financial Statements and all Federal Awards are 07-01 and 08-01:

08-01 Internal Audit Function – Significant Deficiency (Continued)

Management Response:

As stated in response to the 08-01 Internal Audit Function – Significant Deficiency finding, the Early Childhood Services Division implemented a major security enhancement within the service delivery system (FACTS) in FY 09 which addressed part of this issue. 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 created an Improper Payment unit (to report error rates made on child care cases) as required by the Federal Child Care and Development Fund regulations. Although the unit was created in FY 09, it still has not been sufficiently staffed due to the budget shortfall and a hiring freeze imposed by the Governor. The Early Childhood Services Division understands the need for ongoing child care case reviews and therefore has committed to yearly reviews.

In the past CYFD has requested additional FTE in the annual budget request to fund a Department wide internal audit unit. With dwindling state resources the department has not been successful in obtaining the required resources. The Department will make an effort to review existing resources to determine if resources can be identified and shifted to begin performing such reviews. The department will increase the number of site reviews in the subsequent fiscal year in an attempt to address this. The department will continue to report any fraudulent activity as required to the Office of the State Auditor.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

C. Findings and Questioned Cost – Major Federal Award Programs Audit

10-02 Financial Management Review of the Special Nutrition Program

Child and Adult Care Food Program CFDA #10.558, Summer Food Service Program CFDA #10.559 and State Administrative Expense CFDA #10.560

Condition:

A Financial Management Review (FMR) was conducted for the Special Nutrition Program for federal fiscal year 2008 by the Southwest Regional Office Food and Nutrition Service U.S. Department of Agriculture (SWRO FNS). The FMR findings stated that the Department had disallowed claims totaling \$57,967 were recovered from participants by the Department but were not returned to the Food and Nutrition Service. The FMR report also noted that quarterly and final SF-269 reports were not submitted timely, expenditures totaling \$19,673 were not reported in the proper period and that data from the Child and Adult Care Centers database could not be reconciled with the FNS-44 close out report.

Criteria:

The Code of Federal Regulations requires accurate, current and complete disclosure of the financial results. Recovery of funds should be reflected as a reduction in subsequent draws.

Effect:

The Department owes funds back to the federal government incurred in federal fiscal year 2005 through 2009. The SF-269, FNS-44 and FNS-418 overstated expenditures and meals claimed.

Cause:

The Department did not follow up on reimbursements back to the federal government for disallowed meal costs.

Recommendation:

The Department must reimburse the Food Nutrition Service for funds received by participants for disallowed meal costs and submit corrected reports.

Management Response:

The department has made several efforts to reconcile the reported expenditures on SFR -269 with the amounts on the FNS-44 report. Part of the problem is the process the programmatic staff is using to reflect the expenditures on its FNS-44 report. It will continue to work with the program area to resolve this. The department has asked for assistance in addressing how to handle the reporting of the disallowed claims. As of this date, the department has not received a response from its federal cognizant agency. Once the response is received, it should be able to address this issue. Several factors beyond the department's control such as the monthly closings of the statewide accounting system (SHARE) and how the expenditures are recorded have had an impact on the reporting. The department will work on improving its processes to address this issue.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2010

C. Findings and Questioned Costs – Major Federal Award Programs Audit

10-03 Matching Requirement for Promoting Safe and Stable Families

CFDA #93.556
Promoting Safe and Stable Families
U.S. Department of Health and Human Services

Criteria:

The Promoting Safe and Stable Families program requires that the Department expend a certain percentage of funds for specific type of services unless waived by the US Department of Health and Human Services.

Statement of Condition:

The Department expenditures for time family support services did not meet the 20% criteria. The Department should have expended an additional \$17,706 for family support services. The Department expended 19.69% on Family Support Services.

Questioned Cost:

None.

Cause and Effect:

The Department did not obtain a written waiver for failure to expend the funds per the criteria required of the program.

Recommendation:

The Department needs to obtain written documentation of the waiver from the US Department of Health and Human Services to expend funds within the different types of service .

Management Response:

Protective Services will continue to issue Request for Proposals and allocate contracts in compliance with the U.S. Department of Health and Human Services guidelines. When the expenditures do not meet the guidelines requiring that at least 20% of the expenditures of the grant are expended across the categories specified, Protective Services will work with the U.S. Department of Health and Human Services to obtain written approval waiving the requirement.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

June 30, 2010

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
08-01	Internal Audit Function	✓		08-01
09-05	Sub-receipt monitoring	✓		08-01

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Exit Conference

June 30, 2010

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

An exit conference was held on December 13, 2010 to discuss the audit report and audit findings.

Those in attendance were as follows:

Children Youth and Families Department

William Dunbar	Secretary
Rick Crespin	Acting ASD – Director/CFO
Annette Romero	Budget Director
Sandra Salazar	Bureau Chief

Barraclough & Associates, P.C.

Douglas W. Fraser	Senior Audit Manager
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Office of the State Auditor

Rosemary Whitegeese	Audit Supervisor
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