

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

FINANCIAL STATEMENTS AND SCHEDULES

(With Independent Auditors' Reports Thereon)

FISCAL YEAR ENDED JUNE 30, 2011



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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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INTRODUCTORY SECTION

**STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT
OFFICIAL ROSTER
JUNE 30, 2011**

Name	Title
Yolanda Berumen-Deines	Secretary
Edna Reyes-Wilson	Deputy Cabinet Secretary
Pablo Sedillo III	Director of Juvenile Justice Services
Renada L. Peery-Galon	Director of Administrative Services
Jared Rounsville	Director of Protective Services
Vacant	Director of Youth and Family Services
Diana Martinez-Gonzales	Director of Early Childhood Services
Damien Aragon	Chief Information Officer

FINANCIAL SECTION

"26 Years of Excellence"



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

1422 Paseo de Peralta
Post Office Box 1847
Santa Fe, New Mexico 87504
(505) 983-3387
(505) 988-2505 FAX
(800) 983-1040 Toll Free
ba@barracough.com

Principals

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

Managers

Douglas W. Fraser, C.P.A.
Laura Parker, C.P.A.
Rick W. Reynolds, C.P.A.
Katherine M. Rowe, C.P.A.
Rhonda G. Williams, C.P.A.

Independent Auditors' Report

Mr. Hector Balderas,
New Mexico State Auditor
and
Yolanda Berumen-Deines, 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, 2011, 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, 2011, 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, 2011, 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, 2011, 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, 2011, 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 7, 2011, 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 7, 2011

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Year Ended June 30, 2011

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, 2011. 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
(Unaudited)**

For the Year Ended June 30, 2011

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, 2011</u>	<u>Prior Year - June 30, 2010</u>	<u>Favorable or (Unfavorable)</u>	<u>Percentage Change</u>
Assets				
Current assets	\$57,222,587	\$65,994,845	(\$8,772,258)	-13.29%
Capital assets	1,483,799	1,650,795	(166,996)	-10.12%
Total assets	<u>\$58,706,386</u>	<u>\$67,645,640</u>	<u>(\$8,939,254)</u>	<u>-13.21%</u>
Liabilities				
Current liabilities	\$45,024,013	\$54,127,171	(\$9,103,158)	-16.82%
Long-term liabilities	1,999,794	1,948,574	51,220	2.63%
Total liabilities	<u>\$47,023,807</u>	<u>\$56,075,745</u>	<u>(\$9,051,938)</u>	<u>-16.14%</u>
Net assets				
Invested in capital assets	\$1,483,799	\$1,650,795	(\$166,996)	-10.12%
Restricted	16,525,188	16,184,621	340,567	2.10%
Unrestricted	<u>(6,326,408)</u>	<u>(6,265,521)</u>	<u>(60,887)</u>	<u>0.97%</u>
Total net assets	<u>\$11,682,579</u>	<u>\$11,569,895</u>	<u>\$112,684</u>	<u>0.97%</u>
Program revenues and expenses				
Program revenues	\$194,035,790	\$205,264,852	(\$11,229,062)	-5.47%
Program expenses	<u>(371,964,161)</u>	<u>(391,235,887)</u>	<u>19,271,726</u>	<u>-4.93%</u>
Net revenue (expense)	<u>(177,928,371)</u>	<u>(185,971,035)</u>	<u>8,042,664</u>	<u>-4.32%</u>
General revenues (expenses)				
General Fund appropriations	\$185,967,200	\$201,350,100	(\$15,382,900)	-7.64%
Other sources	1,716,422	4,047,797	(2,331,375)	-57.60%
Other uses	<u>(3,653,325)</u>	<u>(6,633,916)</u>	<u>2,980,591</u>	<u>-44.93%</u>
Total general revenues (expenses)	<u>\$184,030,297</u>	<u>\$198,763,981</u>	<u>(\$14,733,684)</u>	<u>-7.41%</u>
Reversion to State General Fund	(\$5,989,242)	(\$9,826,492)	\$3,837,250	-39.05%
Change in net assets	112,684	2,966,454	(2,853,770)	-96.20%
Beginning net assets	<u>11,569,895</u>	<u>8,603,441</u>	<u>2,966,454</u>	<u>34.48%</u>
Ending net assets	<u>\$11,682,579</u>	<u>\$11,569,895</u>	<u>\$112,684</u>	<u>0.97%</u>

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Year Ended June 30, 2011

Significant factors impacting the Department's financial position and results of operations during the year ended June 30, 2011 are as follows:

- *Current Assets* decreased by \$8,772,258 or 13.29 percent. This net decrease consists of many changes over the prior year as follows: State Fund Investment Pool (increase of \$4,042,744), Accounts receivable, net (decrease of \$8,595,192), Due from Other Agencies (decrease of \$4,501,030) and Investments at State Investment Council (increase of \$213,166). The increase in the State Fund Investment Pool balances are due to the Laws of 2010, Second Special Session, Chapter 6, Section 10, Appropriation Reductions which reduced the department's budget \$6,155,100.
- *Capital Assets and Investment In Capital Assets* decreased by \$166,996 or 10.12 percent due to budget constraints during the fiscal year and the increase in asset dispositions.
- *Total Assets* decreased by \$8,939,254 or 13.21 percent. See discussions under *Current Assets* and *Capital Assets and Investment in Capital Assets* above.
- *Current Liabilities* decreased by \$9,103,158 or 16.82 percent due to increases in several of the liability accounts as follows: Due to State General Fund (decrease of \$3,557,745); Deferred Revenues (decrease of \$3,904,853); Compensated Absences (increase of \$119,514); and other payroll related liabilities and withholdings (decrease of \$1,738,828).
- *Long-Term Liabilities* increased by \$51,220 or 2.63 percent. The increase represents an increase in the recording of compensated absences due after one year.
- *Total Liabilities* decreased by \$9,051,938 or 16.14 percent. See discussion under *Current Liabilities* above.
- *Restricted Net Assets* increased by \$340,567 or 2.10 percent due mainly to increases in the restrictions of the Children's Trust Fund – Permanent and Special Revenue and an increase in the Day Care Fund.
- *Unrestricted Net Assets* deficit increased by \$60,887 or .97 percent for compensated absences due within one year.
- *Total Net Assets* increased by \$112,684 or 0.97 percent. See discussion under *Current Assets* and *Current Liabilities* above.
- *Program Revenues* decreased by \$11,229,062 or 5.47 percent. The majority of this decrease was due to the decreased funding received from FY 2010 to FY 2011 of \$13,896,927 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. The department received a supplemental appropriation of \$2,409,200 for Child Care Program Funds.
- *Program Expenses* decreased by \$19,271,726 or 4.93 percent due mainly to the Laws of 2010, Second Special Session, Chapter 6, Section 10, Appropriation Reductions which reduced the department's budget \$6,155,100, FACTS Provider payments increased 1,367,543, and FACTS Child Care payments decreased \$11,541,183; Pre-Kindergarten expenses decreased \$1,328,034, Day Care payments decreased by \$1,026,340, Juvenile Community Corrections decreased by \$443,362 and Regional Juvenile Services decreased by \$261,624.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Year Ended June 30, 2011

- *Deficiency of Program Revenues over Program Expenses* decreased by \$8,042,664 or 4.32 percent. See discussion under *Program Revenues* and *Program Expenses* above.
- *General Fund Appropriations* decreased by \$15,382,900 or 7.64 percent over the prior year's appropriations.
- *Other Sources (Transfers In)* decreased by \$2,331,375 or 57.60 percent. In fiscal year 2011, the agency did not receive transfers from other agencies.
- *Other Uses (Transfers Out)* decreased by \$2,980,591 or 44.93 percent. In fiscal year 2011, the agency balance to the Department of Finance and Administration (DFA) decreased by (\$936,874). The transfer out decreased for the Human Services by (\$1,763,485); Adult Long Term Services Departments increased by \$163,741 and Public Education Department decreased by (\$423,288).
- *A Reversion to State General Fund* decreased by \$3,837,250 or 39.05 percent. In fiscal year 2010, a mandatory \$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, was reverted which would account for the higher reversion in fiscal year 2010 over fiscal year 2011.
- *Change in Net Assets* decreased by \$2,853,770 or 96.20 percent. See discussion under *Current Assets* above.

FINANCIAL ANALYSIS AT THE FUND LEVEL

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

	Fund Balance			
	Current Year June 30, 2011	Prior Year June 30, 2010	Increase or (Decrease)	Percentage Change
General Fund – Reserved	\$6,721,752	\$6,321,146	\$400,606	6.34%
General Fund – Unreserved	\$0	\$0	\$0	0.00%
Capital Projects	\$0	\$0	\$0	0.00%
Total	\$6,721,752	\$6,321,146	\$400,606	6.34%

In the prior year's financial statements, other governmental funds accounted for 11.87 percent of total assets and 2.91 percent of total liabilities compared with 19.7 percent total assets and 4.21 percent total liabilities in the current year.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Year Ended June 30, 2011

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 2011 operating budget cycle. To balance the budget in fiscal year 2011 cuts were made. In addition the Laws of 2010, Second Special Session, Chapter 6, Section 10, authorized the Department of Finance and Administration to reduce General Fund Appropriation Allotments to all agencies which reduced CYFD's general fund budget by \$6,155,100.

In fiscal year 2009, the Federal Government enacted ARRA that resulted in additional federal revenue available to states. During fiscal year 2011, the Department received additional revenue in the Title IV-E Foster Care and Adoption grant. In State Fiscal Year 2011 the Federal participation rate of 77.55% decreased to 71.35%, a percentage decrease 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 \$31,247,257. The agency received a total of \$8,075,165 in ARRA funding in fiscal year 2011. 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 September 30, 2011. Childhood Advisory Council extending ARRA funding though state fiscal year 2014, of which CYFD received \$1,021,919.

Original budgeted federal revenue and expenditures in the major funds increased \$13,096,100 during the year ending June 30, 2011. 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 \$4,102,848 mainly due to a \$2,725,000 increase to Adult Long Term Services Division and a Transformation Grant increase of \$1,377,848 to Human Services Division.

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 2010, Second Special Session, Chapter 6, Section 4 for the year ended June 30, 2011 were:

<u>TYPE</u>	<u>MEASURE</u>	<u>TARGET</u>	<u>RESULT</u>
Youth and Family Services:			
Outcome	Percent of adult victims or survivors receiving domestic violence services who have an individualized safety plan	70.00%	92.90%
Outcome	Percent of domestic violence offenders who completed a batterer's intervention program	70.00%	41.90%
Output	Percent of clients who complete formal probation	90.00%	92.00%
Output	Percent of clients re-adjudicated within two years of previous adjudication	5.80%	6.70%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Year Ended June 30, 2011

<u>TYPE</u>	<u>MEASURE</u>	<u>TARGET</u>	<u>RESULT</u>
Early Childhood Services:			
Outcome	Percent of children receiving state subsidy in stars/aim high programs level two through five or with national accreditation	69.00%	69.80%
Output	Percent of families participating in home-visiting programs with a completed family plan	75.00%	100%
Output	Percent of family providers participating in child- and adult-care food program	95.00%	Note#1
Protective Services:			
Outcome	Percent of children who are not the subject of substantiated maltreatment within six months of a prior determination.	93.00%	91.80%
Outcome	Percent of children reunified with their natural families in less than 12 months of entry into care.	69.90%	63.60%
Output	Percent of children who are not the subjects of substantiated maltreatment while in foster care.	99.68%	99.72%
Juvenile Justice Services:			
Outcome	Percent of incidents in juvenile justice services facilities requiring use of force resulting in injury.	3.00%	2.50%
Outcome	Percent of clients recommitted to a children, youth and families department facility within two years of discharge from facilities.	10.00%	10.70%
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%	11.90%
Output	Percent of possible education credits earned by clients in juvenile justice division facilities.	47.0%	Note #1

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

For the Year Ended June 30, 2011

<u>TYPE</u>	<u>MEASURE</u>	<u>TARGET</u>	<u>RESULT</u>
Program Support:			
Outcome	Percent vacancy rate for youth care specialist	8.00%	12.30%

Note#1: Fiscal year 2011 data is not available until fall 2011. 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, 2011 are \$6,665,980. The estimated amount to be paid from current General Fund appropriations within one year is \$4,666,186 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, 2011.

NEXT YEAR'S BUDGET AND RATE

The Department depends primarily on appropriations from the New Mexico State General Fund. The State Legislature appropriated \$196,300,100 for the fiscal year 2012 operating budget in the Laws of 2011, Chapter 179, Section 4. This appropriation was reduced in the Laws of 2011, Chapter 179, Section 10 by \$1,083,700 from a retirement shift reduction and \$44,500 from an unemployment compensation reduction for solvency purposes. The Department received a supplemental appropriation for fiscal year 2011 of \$2,409,200 for childcare programs in Laws of 2011, Chapter 179, Section 6. The supplemental was needed to cover a budget shortfall in Temporary Assistance for Needy Families (TANF) carry-over funding. There was no compensation package for exempt/classified staff, teachers, juvenile probation and parole officers appropriated for fiscal year 2012.

In fiscal year 2012, funds were appropriated to the General Services Department – Property Control Division in the Laws of 2011, First Special Session, Chapter 5, Section 5, Paragraph 5. An amount of \$2,000,000 was appropriated for infrastructure upgrades, renovations and construction for the Youth, Diagnostic and Development Center (YDDC) in Albuquerque in Bernalillo County and John Paul Taylor Center in Las Cruces in Dona Ana County. The funding will be used for renovations to the Loma Cottage at YDDC, ADA upgrades, parking lot resurfacing, generator and electrical upgrades, roof repairs and security cameras.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)**

For the Year Ended June 30, 2011

The fiscal year 2013 budget request includes a general fund base request of \$203,171,900 - an increase of \$8,000,000 or 4.1 percent over the fiscal year 2012 operating budget. The general fund increase includes reducing the Department's vacancy rate to 5.3 percent, budgeting vacant positions at salary mid-point and replacing lost revenue. The Department's full-time equivalent (FTE) vacancy rate was 17.5 percent in fiscal year 2011. The high FTE vacancy rates have led to an increase in turnover contributed to burnout, high caseloads and more difficult cases and clients. In the first quarter of fiscal year 2012, the Juvenile Justice Services Program had a vacancy rate of 11.3 percent and the Protective Services Program had a vacancy rate of 14.6 percent. As noted in the Department of Finance and Administration's Performance-Based Appropriation Request Instructions Fiscal Year 2013, the Department budgeted vacant positions at the mid-point salary range. The Department has requested a general fund increase of \$4,200,000 for the 5.3 percent vacancy factor and budgeting vacant positions at mid-point. In fiscal years 2011 and 2012, an additional \$1,000,000 was appropriated from the Domestic Violence Offender Treatment Fund to offset lost TANF funding. The projected fund balance is not sufficient to continue budgeting in fiscal year 2013. The Department requested \$1,000,000 in general fund to replace the nonrecurring fund balance from the Domestic Violence Offender Treatment Fund for shelter and batterers programs. The Department is requesting \$2,800,000 to replace lost federal Title IV-E funding that directly impacts services provided to children at-risk of being removed from their homes. Aside from the increases requested for general fund, the Department's request reflected minimal program adjustments with no impact to the general fund. Also, the Department is requesting a supplemental request of \$2,000,000 for fiscal year 2012 to offset lost federal Title IV-E funding. The Department's request focuses on preserving core services relating to the agency's priority for the safety and well-being of children, youth, families and New Mexico communities.

Through the General Services Department – Property Control Division, the Department has requested funding for its continued implementation of the “Cambiar” NM model. Based on a feasibility study and master plan on Cambiar New Mexico, the Department plans are to regionalize facilities in four areas of the state – the northeast, southeast, northwest and central. Phase I of the master plan priorities the southeast area of the state as the first region to be addressed. The Department's Infrastructure Capital Improvement Plan's (ICIP) first priority is \$1,975,154 for architectural and engineering planning and design services as well as land acquisition for the southeast facility. The ICIP's second priority is to acquire \$27,000,000 for construction of a 54-bed facility in southeast New Mexico.

The Department has submitted its annual information technology request for fiscal year 2013 that includes \$1,700,000 to begin Phase II of the Enterprise Provider Information Constituent Services (EPICS) web-based system to replace the legacy Family Automated Client Tracking System (FACTS) that has been in place since 1997.

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Exhibit 1

Statement of Net Assets

June 30, 2011

ASSETS	<u>Governmental Activities</u>
Cash	\$ 61,200
State Fund Investment Pool	19,430,763
Accounts receivable, net	24,989,765
Due from agency fund	140,578
Due from other agencies	9,829,234
Supplies inventory	339,572
Other assets	465
Investments at State Investment Council	2,431,010
Capital assets, net	<u>1,483,799</u>
Total assets	<u><u>58,706,386</u></u>
LIABILITIES	
Accounts payable	24,530,175
Accrued payroll	5,868,061
Payroll taxes payable	77,033
Due to other agencies	1,721,802
Due to state general fund	6,343,438
Due to federal government	1,176,174
Other payroll related liabilities and withholdings	641,144
Compensated absences	4,666,186
Noncurrent liabilities:	
Compensated absences due in more than one year	<u>1,999,794</u>
Total liabilities	<u><u>47,023,807</u></u>
NET ASSETS	
Invested in capital assets	1,483,799
Restricted for:	
Children's trust fund - permanent	6,387,078
Children's trust fund - special revenue	552,457
Day care fund	1,066,609
Subsequent years expenditures by applicable legislation and law	8,519,044
Unrestricted (deficit)	<u>(6,326,408)</u>
Total net assets	<u><u>\$ 11,682,579</u></u>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Exhibit 2

Statement of Activities

Year Ended June 30, 2011

	Expense	Program Revenues Operating Grants and Contributions	Governmental Activities Net Program (Expense)
Governmental Activities:			
Health and Welfare	\$ (366,594,874)	\$ 192,108,443	\$ (174,486,431)
Public Safety	(4,938,140)	1,927,347	(3,010,793)
Depreciation expense	(431,147)	-	(431,147)
Total governmental activities	\$ (371,964,161)	\$ 194,035,790	(177,928,371)
General Revenues:			
General fund and special appropriations			185,967,200
Interest			1,716,422
Total general revenues			187,683,622
Transfers			
Transfers from other State Agencies			-
Transfers to other State Agencies			(3,653,325)
General fund reversion 2011 fiscal year			(5,989,242)
Net transfers			(9,642,567)
Change in net assets			112,684
Net assets, beginning of year			11,569,895
Net assets, end of year			\$ 11,682,579

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, 2011

	General Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS			
State Fund Investment Pool	\$ 10,465,777	\$ 8,964,986	\$ 19,430,763
Cash	61,200	-	61,200
Accounts receivable, net	24,767,814	221,951	24,989,765
Due from other funds	3,670,716	35,742	3,706,458
Due from other agencies	9,485,959	343,275	9,829,234
Supplies inventory	339,572	-	339,572
Other assets	465	-	465
Investments at State Investment Council	-	2,431,010	2,431,010
Total assets	\$ 48,791,503	\$ 11,996,964	\$ 60,788,467
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 22,733,716	\$ 1,796,459	\$ 24,530,175
Accrued payroll	5,857,576	10,485	5,868,061
Payroll taxes payable	76,400	633	77,033
Due to other funds	3,529,796	36,084	3,565,880
Due to other agencies	1,721,802	-	1,721,802
Due to state general fund	6,343,438	-	6,343,438
Due to federal government	1,167,683	8,491	1,176,174
Other payroll related liabilities and withholdings	639,340	1,804	641,144
Total liabilities	42,069,751	1,853,956	43,923,707
FUND BALANCES			
Non-spendable fund balance			
Inventory	339,572	-	339,572
Children's trust fund - permanent	-	6,387,078	6,387,078
Spendable fund balance - Restricted			
Children's trust fund - special revenue	-	552,457	552,457
Day care fund	-	1,066,609	1,066,609
By law or grant	2,473,975	-	2,473,975
Subsequent year's expenditures by appropriation	3,908,205	2,136,864	6,045,069
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	6,721,752	10,143,008	16,864,760
Total liabilities and fund balances	\$ 48,791,503	\$ 11,996,964	\$ 60,788,467

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, 2011

Fund balances - total governmental funds		\$ 16,864,760
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental capital assets	\$ 4,516,870	
Less accumulated depreciation	<u>(3,033,071)</u>	1,483,799
Compensated absences recorded in the statement of net assets, not recorded in the governmental funds		<u>(6,665,980)</u>
Net assets of governmental activities		<u>\$ 11,682,579</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, 2011

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Federal funds	\$ 171,429,680	\$ 14,840,940	\$ 186,270,620
Other state funds	6,472,589	1,292,581	7,765,170
Interest and gain on investments	1,495,671	220,751	1,716,422
Total revenues	<u>179,397,940</u>	<u>16,354,272</u>	<u>195,752,212</u>
EXPENDITURES			
Current:			
Health and Welfare	340,625,021	25,795,264	366,420,285
Public Safety	4,938,140	-	4,938,140
Capital outlay	268,006	-	268,006
Total expenditures	<u>345,831,167</u>	<u>25,795,264</u>	<u>371,626,431</u>
Excess (deficiency) of revenues over expenditures	<u>(166,433,227)</u>	<u>(9,440,992)</u>	<u>(175,874,219)</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers State General Fund Appropriations	176,476,400	9,490,800	185,967,200
Transfers Special Appropriations	-	-	-
Transfers from other State Agencies	-	-	-
Transfers to other State Agencies	(3,653,325)	-	(3,653,325)
General fund reversions	<u>(5,989,242)</u>	<u>-</u>	<u>(5,989,242)</u>
Total other financing sources and (uses)	<u>166,833,833</u>	<u>9,490,800</u>	<u>176,324,633</u>
Net change in fund balances	400,606	49,808	450,414
Fund balances, beginning of year	<u>6,321,146</u>	<u>10,093,200</u>	<u>16,414,346</u>
Fund balances, ending	<u>\$ 6,721,752</u>	<u>\$ 10,143,008</u>	<u>\$ 16,864,760</u>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Exhibit 6

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

Year Ended June 30, 2011

Net change in fund balances - total governmental funds	\$	450,414
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	\$	268,006
Less current year depreciation	<u>(431,147)</u>	(163,141)
Disposal of fixed assets		(3,855)
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in accrued compensated absences		<u>(170,734)</u>
Change in net assets of governmental activities	\$	<u>112,684</u>

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 and Expenditures (Non GAAP)
Budget and Actual - Major Budgeted Fund

Year Ended June 30, 2011

		General Fund			
		Budgeted Amounts		Actual	Variance
		Original	Adjusted		Favorable (Unfavorable)
Revenues					
General fund appropriation	\$	176,476,400	\$ 176,476,400	\$ 176,476,400	\$ -
Federal funds		185,193,900	198,210,570	171,429,680	(26,780,890)
Other state funds		5,096,000	5,394,308	7,968,260	2,573,952
Total budgeted revenues		366,766,300	380,081,278	\$ 355,874,340	\$ (24,206,938)
Budgeted fund balance		-	418,900		
Total revenues and budget fund balance	\$	366,766,300	\$ 380,500,178		
		Budgeted Amounts		Actual	Variance
		Original	Adjusted	Expenditures	Favorable (Unfavorable)
Expenditures					
Personnel services	\$	116,503,300	\$ 120,926,676	\$ 119,361,983	\$ 1,564,693
Contractual services		56,063,200	60,782,464	53,257,048	7,525,416
Other costs		193,959,800	194,448,190	172,669,237	21,778,953
Other financing uses		240,000	4,342,848	3,653,325	689,523
Total budgeted expenditures	\$	366,766,300	\$ 380,500,178	348,941,593	\$ 31,558,585
Plus entry to increase allowance for uncollectable accounts				542,899	
Less budgetary transfers to other agencies				(3,653,325)	
Total fund financial expenditures				\$ 345,831,167	
Reconciliation to GAAP basis					
Total actual budget revenue				\$ 355,874,340	
Less total actual GAAP expenditures				(345,831,167)	
Less General Fund reversion				(5,989,242)	
Less transfers to other agencies				(3,653,325)	
Net change in general fund balance				\$ 400,606	

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, 2011

	Agency Funds
ASSETS	
Cash	\$ 27,290
State Fund Investment Pool	821,142
Due from other agencies	<u>94</u>
Total assets	<u>\$ 848,526</u>
LIABILITIES	
Deposits held for others	\$ 707,948
Due to other funds	<u>140,578</u>
Total liabilities	<u>\$ 848,526</u>

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

Notes to Financial Statements

June 30, 2011

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

Notes to Financial Statements (Continued)

June 30, 2011

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 consist of six 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.
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;

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

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 1. HISTORY AND FUNCTION (CONTINUED)

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 Early Childhood 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.
6. Youth and Family Services Division integrates community-based probation and aftercare services with community-based transition, behavioral health, domestic violence, and other prevention and intervention services.

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, 2011.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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

Joint Venture

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

The Central Region Educational Cooperative, PO Box 37440, Albuquerque, NM 87176, an entity legally separate from the Department, is governed by an eleven-member council (eight school districts and three state institutions, namely the Youth Diagnostic and Development Center, the Children's Psychiatric Hospital and the Sequoyah Adolescent Treatment Center), operating under a Joint Powers Agreement. The financial activity is not included in the Department's financial statements. Audited financial reports for the cooperative are available at the above address.

B. Basic Financial Statements – GASB Statement 34

The basic financial statements include both government-wide (based on the Department as a whole) and fund financial statements. While the previous model emphasized fund types (the total of all funds of a particular type), in the new model focus is on either the Department as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. CYFD is a single purpose government entity and has no business type activities. In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis 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, 2011

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, 2011

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, 2011

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, 2011

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 2011 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, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting (Continued)

For the year ended June 30, 2011 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 2011 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, 2011.

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

Notes to Financial Statements (Continued)

June 30, 2011

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, 2011, 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, 2011, 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 non spendable fund balance 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, 2011

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. GASB Statement 54

The Department adopted GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the Department's net assets. There were no restatements to fund balance due to the adoption of GASB 54.

The effect of GASB Statement 54 on the Department's fund balance is that the reserve for inventories and petty cash are no longer presented but inventory and the permanent Children's Trust Fund are a non spendable fund balance. Spendable fund balance is showed by most binding constraints which is restricted by an external resource or enabling legislation.

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

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

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. GASB Statement 54 (Continued)

Restricted 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.

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

Restricted for Juvenile Services. This reserve is authorized by NMSA 32A-23-I to carry out the provisions of the Juvenile Services Act.

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

Assigned. 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, 2011

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, 2011.

	<u>Years</u>
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, 2011

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

Cash balances at financial institutions and on hand at June 30, 2011 consist of the following:

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

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

General Fund balance	\$ 10,465,777
Non major Government Funds balances	<u>8,964,986</u>
Net balance	<u><u>\$ 19,430,763</u></u>

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

The State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$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, 2011.

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

Notes to Financial Statements (Continued)

June 30, 2011

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, 2011, as the bank balances indicate below.

	<u>Wells Fargo Bank</u>	<u>Bank of America</u>
Total amount of deposits per bank	\$ 53,454	\$ 31,307
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, 2011 were as follows:

	<u>Permanent Children Trust</u>	<u>Permanent CTF-Next Gen</u>
Large Cap Index	\$ 174,633	\$ 174,633
Non US Developed Markets Pool	46,760	46,760
Non US Emerging Markets Pool	12,985	12,985
US Core Bonds Pool	<u>981,127</u>	<u>981,127</u>
 Total	 <u>\$ 1,215,505</u>	 <u>\$ 1,215,505</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, 2011.

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

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011 are as follows:

	<u>General Fund</u>
Federal Grants receivable	\$ 27,363,215
Accounts receivable - overpayment of benefits	3,857,854
Other receivables	343,599
Less: Contractual and collectability allowances	<u>(6,574,903)</u>
Total accounts receivable	<u>\$ 24,989,765</u>

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

An analysis for the receivable allowances is as follows:

Balance, beginning of year	\$ 6,032,004
Provision for doubtful accounts	<u>542,899</u>
Balance, end of year	<u>\$ 6,574,903</u>

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

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 5. CAPITAL ASSETS

	Balance <u>June 30, 2010</u>	Additions	Deletions	Balance <u>June 30, 2011</u>
Governmental activities:				
Depreciable Assets:				
Buildings and structures	\$ 987,574	\$ -	\$ -	\$ 987,574
Data processing equipment	2,121,554	258,318	(10,319)	2,369,553
Equipment and machinery	527,257	9,688	(2,872)	534,073
Furniture and fixtures	615,435	-	(10,149)	605,286
Vehicles	20,384	-	-	20,384
	<u>4,272,204</u>	<u>268,006</u>	<u>(23,340)</u>	<u>4,516,870</u>
Totals at historical cost				
	<u>4,272,204</u>	<u>268,006</u>	<u>(23,340)</u>	<u>4,516,870</u>
Less accumulated depreciation:				
Buildings and structures	319,966	39,503	-	359,469
Data processing equipment	1,152,180	374,259	(6,464)	1,519,975
Equipment and machinery	523,637	13,308	(2,872)	534,073
Furniture and fixtures	615,434	-	(10,149)	605,285
Vehicles	10,192	4,077	-	14,269
	<u>2,621,409</u>	<u>431,147</u>	<u>(19,485)</u>	<u>3,033,071</u>
Total accumulated depreciation				
	<u>2,621,409</u>	<u>431,147</u>	<u>(19,485)</u>	<u>3,033,071</u>
Capital assets, net				
	<u>\$ 1,650,795</u>	<u>\$ (163,141)</u>	<u>\$ (3,855)</u>	<u>\$ 1,483,799</u>

The Department does not have any debt related to capital assets as of June 30, 2011. The current year additions were paid from the General Fund as the expenditures from the Capital Project Fund were for special projects for the benefit of other entities which are not the Department's capital assets.

Depreciation expense was \$431,147 for the year ended June 30, 2011. 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, 2011

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 8.92% (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, 2011, 2010, and 2009 were, \$12,692,218, \$12,652,931, and \$14,170,720, 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 through June 30, 2011 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. Effective July 1, 2011 plan members are 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 are required to contribute 11.15% of their gross salary. The Department is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements may be amended by acts of the legislature. The Department's contributions to ERB for the years ending June 30, 2011, 2010, and 2009 were, \$542,816, \$560,629, and \$514,567, 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, 2011

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, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 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, 2011

**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>
FY12	1.834%	.917%
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4, and 5; municipal fire member coverage plan 3, 4, and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act (10-12B-1 NMSA 1978), during the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 2.084% of each participating employee's annual salary, and each participating employee was required to contribute 1.042% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for both employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	2.292%	1.146%
FY13	2.500%	1.250%

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, 2011, 2010 and 2009 were \$1,959,641, \$1,577,529, and \$1,590,200, 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, 2011, 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, 2011.

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

Notes to Financial Statements (Continued)

June 30, 2011

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 June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Compensated absences:				
Annual leave	\$ 5,386,476	\$4,388,791	\$(4,559,613)	\$ 5,215,654
Compensatory leave	932,355	438,879	(342,729)	1,028,505
Sick leave	176,415	322,282	(76,876)	421,821
	<u>6,495,246</u>	<u>\$5,149,952</u>	<u>\$(4,979,218)</u>	<u>6,665,980</u>
Total compensated absences				
	<u>4,546,672</u>			<u>4,666,186</u>
Less current portion				
Net long-term compensated absences	<u>\$ 1,948,574</u>			<u>\$ 1,999,794</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>
2012	\$ 8,925,069	\$ 780,600
2013	9,120,836	770,100
2014	9,320,081	770,100
2015	9,534,921	770,100
2016	<u>9,772,868</u>	<u>770,100</u>
Total	<u>\$ 46,673,775</u>	<u>\$ 3,861,000</u>

During the period ended June 30, 2011 facilities and equipment rent expenses amounted to \$9,374,449.

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

Notes to Financial Statements (Continued)

June 30, 2011

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 2012 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, 2011 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 \$140,578 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 Fund	06700	\$ 3,529,796	FACTS	48900	\$ 3,529,796
FACTS	48900	140,578	Rep Payee For SSA/SSI	49000	140,578
FACTS	48900	326	ARRA	89000	326
FACTS	49100	16	ARRA	89000	16
CTF Expendable	78000	18,938	CTF Non-Expendable	78100	18,938
CTF Next Gen Expendable	94800	16,804	CTF Next Gen Non-Expendable	94900	16,804
Total		<u>\$ 3,706,458</u>			<u>\$ 3,706,458</u>

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

Notes to Financial Statements (Continued)

June 30, 2011

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 2011 reversions are:

General Fund

	Reversion Calculation	General Fund
Fund balance SHARE funds 06700, 48900 and 49100	\$ 10,237,019	\$ 10,237,019
Non reverting components of fund balances	-	2,473,975
Non-spendable fund balance	(339,572)	
Restricted by law appropriation or the grant for future years for SHARE 06700, 48900 and 49100		
-State Permanent and Land Income	(3,465,823)	-
-Domestic Violence Offenders	(136,757)	-
-Annie Casey Foundation	(245,625)	-
-Client Emergency	(60,000)	-
Current Year Reversion	\$ 5,989,242	(5,989,242)
Total General fund - fund balance		\$ 6,721,752

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

Notes to Financial Statements (Continued)

June 30, 2011

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 2011	\$ 5,989,242
-Child Care licensing fees per NMSA 24-1-5	264,703
-Stale Dated Warrants	<u>89,493</u>
 Total Due to State General Fund	 <u>\$ 6,343,438</u>

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

-Calculated reversion for 2011	\$ 5,989,242
-Special Appropriations	<u>-</u>
Total General Fund Reversion	<u>\$ 5,989,242</u>

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

Notes to Financial Statements (Continued)

June 30, 2011

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	\$ 4,410	Department of Finance	34100	\$ 4,410
General Fund	06700	549,437	Public Education Dept	21600	549,437
General Fund	06700	2,294,877	Human Services Dept	05200	2,294,877
General Fund	06700	3,906	DPS	12800	3,906
General Fund	06700	12,920	Governors Commission	64500	12,920
General Fund	06700	43,288	Department of Health	06100	43,288
General Fund	06700	117,480	State Treasurer	76100	117,480
Child Care Fund	49100	6,457,468	Human Services Dept	05200	6,457,468
Light Fund	06800	39	State Treasurer	80100	39
Children Justice	84100	<u>2,134</u>	DPS	12800	<u>2,134</u>
Total General Fund		<u>\$ 9,485,959</u>			<u>\$ 9,485,959</u>

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

Notes to Financial Statements (Continued)

June 30, 2011

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

A. Due From 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	\$ 2,520	MVD - Child Plate	82500	\$ 2,520
PreK Fund	20080	-	Human Services Dept.	97500	-
ARRA	89000	221,515	Department of Finance	89000	221,515
Day Care	91100	<u>118,866</u>	DOH - Birth and Death	06100	<u>118,866</u>
Total Special Revenue		<u>342,901</u>			<u>342,901</u>
<u>Permanent Funds</u>					
Children's Non-Expend. Trust Fund	78100	327	State Treasurer	80100	327
Children's Trust Fund	94900	<u>47</u>	State Treasurer	80100	<u>47</u>
Total Permanent Fund		<u>374</u>			<u>374</u>
<u>Capital Project Fund</u>					
Capital Projects	59700	-	DFA	34100	-
Total Non Major Governmental Funds		<u>\$ 343,275</u>			<u>\$ 343,275</u>
<u>Fiduciary Fund</u>					
Social Security	09600/49000	<u>94</u>	State Treasurer	80100	<u>94</u>
		<u>\$ 9,829,328</u>			<u>\$ 9,829,328</u>

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

Notes to Financial Statements (Continued)

June 30, 2011

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

B. Due To Other State Agencies

Amount Due to Agencies			Other Agencies		
Fund Name	SHARE Fund No.	Amount	Fund Name	SHARE Fund No.	Amount
General Operating	06700	\$ 378,669	HSD	05200	\$ 378,669
General Operating	06700	772,004	HSD	97600	772,004
General Operating	06700	288,465	ALTSD	27000	288,465
General Operating	06700	161,686	Dept. of Public Safety	12800	161,686
General Operating	06700	38,842	Dept. of Finance-CRB	34100	38,842
General Operating	06700	<u>30,797</u>	Public Education Dept	67200	<u>30,797</u>
		<u>1,670,463</u>			<u>1,670,463</u>
Facts Protective	48900	29,005	ALTSD	27000	29,005
Children Justice	84100	<u>22,334</u>	Dept. of Public Safety	12800	<u>22,334</u>
Total General Fund		<u>\$ 1,721,802</u>			<u>\$ 1,721,802</u>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 15. TRANSFERS TO/FROM OTHER STATE AGENCIES

The following is a summary of interagency cash transfers as a result of: the HIPPA transfers from the Department of Finance and Administration; transfers to Adult Long Term Services Department, Public Education Department and Human Services Department.

<u>Transfers to other Agencies</u>	<u>SHARE Number</u>	<u>Amount</u>
Department of Finance and Administration/CRB	34100	\$ (169,059)
Adult Long Term Services Department	62400	(2,532,732)
Human Services Department	63000	(930,769)
Public Education Department	67200	<u>(20,765)</u>
Transfers to other agencies		<u>\$ (3,653,325)</u>

NOTE 16. GASB STATEMENT 54

Effective July 1, 2010, the Department adopted GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement 54 distinguishes fund balances between amounts that are considered nonspendable, such as fund balance associated with inventories and the Children's Trust Fund, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, spendable fund balance amounts are reported in the following classifications:

Restricted. Amounts can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed. Amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned. Amounts intended to be used by the Department for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned. The residual classification for the Department's general fund and includes all amounts not contained in the other classifications.

The definitions of the *general fund* and *permanent fund* type also are clarified by the GASB Statement 54. Definitions are as follows:

General fund. Should be used to account for and report all financial resources not accounted for and reported in another fund.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 16. GASB STATEMENT 54 (Continued)

Special revenue funds. Are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds. Are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt service funds. Are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Permanent funds. Should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting Department's programs, that is, for the benefit of the Department or its citizenry.

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

The restricted fund balance for subsequent years expenditures are based on the applicable legislation purposes designated by the laws. Any unencumbered or unexpended balances remaining at year end revert to the State General Fund based on the applicable legislation.

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

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

The restricted fund balance 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.

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

Notes to Financial Statements (Continued)

June 30, 2011

NOTE 17. FUNDS HELD IN TRUST BY OTHERS (Continued)

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 \$189,700 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 \$1,382,248 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.

NOTE 19. SUBSEQUENT EVENTS

The Department has evaluated subsequent events through December 7, 2011, which is the date the financial statements have been issued and have determined no events require disclosure or adjustment to the financial statements.

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

June 30, 2011

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 51 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 1

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

General Operating Account

Year Ended June 30, 2011

Revenues	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
General fund appropriation	\$ 136,013,400	\$ 136,013,400	\$ 136,013,400	\$ -
Federal funds	52,595,400	64,828,188	57,983,445	(6,844,743)
Other state funds	3,222,200	3,441,078	5,906,582	2,465,504
Total revenues	191,831,000	204,282,666	\$ 199,903,427	\$ (4,379,239)
Budgeted fund balance	-	418,900		
Total revenues and budgeted fund balance	\$ 191,831,000	\$ 204,701,566		

Expenditures	Budgeted Amounts		Actual Expenditures	Variance Favorable (Unfavorable)
	Original	Amended		
Personnel services & benefits	\$ 116,258,100	\$ 120,681,476	\$ 119,229,600	\$ 1,451,876
Contract services	51,447,600	55,313,552	48,483,017	6,830,535
Other costs	23,885,300	24,363,690	22,189,484	2,174,206
Other financing uses	240,000	4,342,848	3,653,325	689,523
Total budgeted expenditures	\$ 191,831,000	\$ 204,701,566	193,555,426	\$ 11,146,140
Audit entry to increase allowance for doubtful accounts			\$ 33,899	
Less transfers to other agencies			(3,653,325)	
Total GAAP expenditures			\$ 189,936,000	
Reconciliation of other financing uses Budgetary transfers to other state agencies			\$ (3,653,325)	

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Personnel services & benefits	\$ 10,995,100	\$ 10,754,250	\$ 10,460,279	\$ 293,971
Contract services	1,516,200	1,594,200	1,535,010	59,190
Other costs	4,967,600	5,334,511	5,026,588	307,923
Other financing uses	-	1,377,848	985,686	392,162
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 17,478,900</u>	<u>\$ 19,060,809</u>	<u>\$ 18,007,563</u>	<u>\$ 1,053,246</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Expenditures</u>	Variance Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Personnel services & benefits	\$ 30,357,000	\$ 32,500,524	\$ 32,299,529	\$ 200,995
Contract services	5,664,200	5,155,227	4,435,840	719,387
Other costs	4,749,100	4,265,000	3,536,004	728,996
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 40,770,300</u>	<u>\$ 41,920,751</u>	<u>\$ 40,271,373</u>	<u>\$ 1,649,378</u>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 4

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

Protective Services Division - P578

Year Ended June 30, 2011

	<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	\$ 46,768,300	\$ 48,480,400	\$ 48,135,887	\$ 344,513
Contract services	11,473,200	11,401,449	8,592,683	2,808,766
Other costs	8,772,300	9,754,300	9,662,476	91,824
Other financing uses	240,000	2,965,000	2,667,639	297,361
	<u>67,253,800</u>	<u>72,601,149</u>	<u>69,058,685</u>	<u>3,542,464</u>
Total budgeted expenditures	<u>\$ 67,253,800</u>	<u>\$ 72,601,149</u>	<u>\$ 69,058,685</u>	<u>\$ 3,542,464</u>

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

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 5

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

Family Services Division -P580

Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Personnel services & benefits	\$ 21,242,900	\$ 21,109,843	\$ 20,687,514	\$ 422,329
Contract services	25,351,200	29,387,873	27,118,425	2,269,448
Other costs	2,560,000	2,977,579	2,772,809	204,770
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 49,154,100</u>	<u>\$ 53,475,295</u>	<u>\$ 50,578,748</u>	<u>\$ 2,896,547</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	Variance Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Personnel services & benefits	\$ 6,894,800	\$ 7,836,459	\$ 7,646,391	\$ 190,068
Contract services	7,442,800	7,774,803	6,801,059	973,744
Other costs	2,836,300	2,032,300	1,191,607	840,693
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	\$ 17,173,900	\$ 17,643,562	\$ 15,639,057	\$ 2,004,505

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Revenues				
Other state funds	\$ -	\$ -	\$ 812	\$ 812
	<u>Budgeted Amounts</u>	<u>Amended</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>	<u>Expenditures</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, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
Revenues				
General fund appropriation	\$ 19,045,100	\$ 19,045,100	\$ 19,045,100	\$ -
Federal funds	21,360,000	21,360,000	19,747,467	(1,612,533)
Other state funds	1,873,800	1,873,800	2,060,437	186,637
	42,278,900	42,278,900	\$ 40,853,004	\$ (1,425,896)
 Budgeted fund balance	<u>-</u>	<u>-</u>		
 Total revenues and budgeted fund balance	<u>\$ 42,278,900</u>	<u>\$ 42,278,900</u>		
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended	Expenditures	
Expenditures				
Other costs	\$ 42,278,900	\$ 42,278,900	\$ 40,769,004	\$ 1,509,896
 Audit entry to increase allowance for doubtful accounts			84,000	
 Total GAAP expenditures			\$ 40,853,004	

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ 17,992,700	\$ 17,992,700	\$ 17,992,700	\$ -
Federal funds	68,497,900	68,497,900	53,027,100	(15,470,800)
Other state funds	-	-	107	107
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	86,490,600	86,490,600	<u>\$ 71,019,907</u>	<u>\$ (15,470,693)</u>
 Budgeted fund balance	 <hr/>	 <hr/>		
Total revenues and budgeted fund balance	 <u>\$ 86,490,600</u>	 <u>\$ 86,490,600</u>		
 Expenditures				
Contract services	\$ -	\$ -	\$ -	\$ -
Other costs	86,490,600	86,490,600	70,594,907	15,895,693
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 86,490,600</u>	<u>\$ 86,490,600</u>	70,594,907	<u>\$ 15,895,693</u>
 Audit entry to increase allowance for doubtful accounts			 <hr/>	
Total GAAP expenditures			 <u>\$ 71,019,907</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ 3,248,800	\$ 3,248,800	\$ 3,248,800	\$ -
Other state funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted revenues	3,248,800	3,248,800	<u>\$ 3,248,800</u>	<u>\$ -</u>
 Budgeted fund balance	 <hr/>	 <hr/>		
Total revenues and budgeted fund balance	<u>\$ 3,248,800</u>	<u>\$ 3,248,800</u>		

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Expenditures</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Personnel services & benefits	\$ 62,400	\$ 62,400	\$ 62,400	\$ -
Contract services	3,184,100	3,184,100	2,891,010	293,090
Other costs	2,300	2,300	-	2,300
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 3,248,800</u>	<u>\$ 3,248,800</u>	<u>\$ 2,953,410</u>	<u>\$ 295,390</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, 2011

	<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	\$ 38,744,321	\$ (2,453,579)
Other state funds	-	-	322	322
Total budgeted revenues	<u>\$ 41,197,900</u>	<u>\$ 41,197,900</u>	<u>\$ 38,744,643</u>	<u>\$ (2,453,257)</u>
	<u>Budgeted Amounts</u>	<u>Amended</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>\$ 39,084,116</u>	<u>\$ 2,113,784</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 176,400	\$ 176,400	\$ 176,400	\$ -
Federal funds	1,542,700	2,406,012	1,927,347	(478,665)
Other state funds	-	-	-	-
	<u>\$ 1,719,100</u>	<u>\$ 2,582,412</u>	<u>\$ 2,103,747</u>	<u>\$ (478,665)</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 182,800	\$ 182,800	\$ 69,983	\$ 112,817
Contract services	1,431,500	2,284,812	1,883,021	401,791
Other costs	104,800	114,800	31,726	83,074
Other financing uses	-	-	-	-
	<u>\$ 1,719,100</u>	<u>\$ 2,582,412</u>	<u>\$ 1,984,730</u>	<u>\$ 597,682</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, 2011

**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 2011 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, 2011

	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*	\$ 311,995	\$ 10,359	\$ 947,743	\$ 1,817,787	\$ 614,014	\$ -	\$ 3,688,273	\$ 522,465	\$ 1,118,687	\$ 9,031,323
Due from other funds	18,938	16,804	-	-	-	-	-	-	-	35,742
Due from other agencies	2,520	-	118,866	-	-	221,515	327	47	-	343,275
Accounts receivable, net	-	-	-	-	-	221,951	-	-	-	221,951
Investments at SIC	109,651	109,651	-	-	-	-	1,105,854	1,105,854	-	2,431,010
Total assets	\$ 443,104	\$ 136,814	\$ 1,066,609	\$ 1,817,787	\$ 614,014	\$ 443,466	\$ 4,794,454	\$ 1,628,366	\$ 1,118,687	\$ 12,063,301
LIABILITIES AND FUND BALANCE										
Deficit State Fund Investment Pool*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,337	\$ -	\$ -	\$ -	\$ 66,337
Vouchers payable	27,461	-	-	729,164	392,878	368,296	18,938	16,804	291,582	1,809,381
Due to other funds	-	-	-	-	-	342	-	-	-	36,084
Due to other state agencies	-	-	-	-	-	-	-	-	-	-
Due to state general fund	-	-	-	-	-	-	-	-	-	-
Due to federal government	-	-	-	-	-	8,491	-	-	-	8,491
Total liabilities	27,461	-	-	729,164	392,878	443,466	18,938	16,804	291,582	1,920,293
FUND BALANCES										
Non-spendable - permanent Restricted	-	-	-	-	-	-	4,775,516	1,611,562	-	6,387,078
Children's Trust Funds	415,643	136,814	-	-	-	-	-	-	-	552,457
Day Care fund	-	-	1,066,609	-	-	-	-	-	-	1,066,609
Subsequent year's expenditures	-	-	-	1,088,623	221,136	-	-	-	827,105	2,136,864
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	415,643	136,814	1,066,609	1,088,623	221,136	-	4,775,516	1,611,562	827,105	10,143,008
Total liabilities and fund balances	\$ 443,104	\$ 136,814	\$ 1,066,609	\$ 1,817,787	\$ 614,014	\$ 443,466	\$ 4,794,454	\$ 1,628,366	\$ 1,118,687	\$ 12,063,301

*Balance netted to State Fund Investment Pool of \$8,964,986 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, 2011

	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	\$ 134,275	\$ 50,000	\$ 723,286	\$ -	\$ -	\$ -	\$ 108,134	\$ -	\$ 276,886	\$ 1,292,581
Federal revenue	-	-	-	416,700	-	14,424,240	-	-	-	14,840,940
Interest (loss) on investments	59,927	54,246	-	-	-	-	53,289	53,289	-	220,751
Total revenues	194,202	104,246	723,286	416,700	-	14,424,240	161,423	53,289	276,886	16,354,272
EXPENDITURES										
Current operating										
Health and welfare	335,767	45,000	-	8,016,156	1,524,320	14,424,240	-	-	1,449,781	25,795,264
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	335,767	45,000	-	8,016,156	1,524,320	14,424,240	-	-	1,449,781	25,795,264
Excess (deficiency) of Revenues over expenditures	(141,565)	59,246	723,286	(7,599,456)	(1,524,320)	-	161,423	53,289	(1,172,895)	(9,440,992)
OTHER FINANCING SOURCES AND (USES)										
General fund appropriations	221,200	-	-	7,669,600	1,600,000	-	-	-	-	9,490,800
Transfers from other State Agencies	-	-	-	-	-	-	-	-	-	-
Transfer to other State Agencies	-	-	-	-	-	-	-	-	-	-
General fund reversions	-	-	-	-	-	-	-	-	-	-
Total other financing sources and (uses)	221,200	-	-	7,669,600	1,600,000	-	-	-	-	9,490,800
Net change in fund balances	79,635	59,246	723,286	70,144	75,680	-	161,423	53,289	(1,172,895)	49,808
Fund balances, beginning	336,008	77,568	343,323	1,018,479	145,456	-	4,614,093	1,558,273	2,000,000	10,093,200
Fund balances, ending	\$ 415,643	\$ 136,814	\$ 1,066,609	\$ 1,088,623	\$ 221,136	\$ -	\$ 4,775,516	\$ 1,611,562	\$ 827,105	\$ 10,143,008

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 221,200	\$ 271,200	\$ 221,200	\$ (50,000)
Other state funds	225,400	225,400	194,202	(31,198)
	<u>446,600</u>	<u>496,600</u>	<u>\$ 415,402</u>	<u>\$ (81,198)</u>
Budgeted fund balance				
	<u>-</u>	<u>-</u>		
Total revenues and budgeted fund balance				
	<u>\$ 446,600</u>	<u>\$ 496,600</u>		
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures
Expenditures				
Personnel services & benefits	\$ 31,100	\$ 32,600	\$ 32,482	\$ 118
Contract services	392,900	391,400	233,959	157,441
Other costs	22,600	22,600	19,326	3,274
Other financing uses	-	50,000	50,000	-
	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total budgeted expenditures				
	<u>\$ 446,600</u>	<u>\$ 496,600</u>	<u>\$ 335,767</u>	<u>\$ 160,833</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Other state funds	-	50,000	104,246	54,246
Total budgeted revenues	-	50,000	\$ 104,246	\$ 54,246
Budgeted fund balance	-	-		
Total revenues and budgeted fund balance	\$ -	\$ 50,000		

	<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	\$ -	\$ -	\$ -	\$ -
Contract services	-	50,000	45,000	5,000
Other costs	-	-	-	-
Other financing uses	-	-	-	-
Total budgeted expenditures	\$ -	\$ 50,000	\$ 45,000	\$ 5,000

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, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
Revenues				
Other state funds	\$ 900,000	\$ 900,000	<u>\$ 723,286</u>	<u>\$ (176,714)</u>
Budgeted fund balance	<u>-</u>	<u>380,400</u>		
Total revenues and budgeted fund balance	<u>\$ 900,000</u>	<u>\$ 1,280,400</u>		

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended	Expenditures	
Expenditures				
Other costs	\$ 1,280,400	\$ 1,280,400	\$ -	\$ 1,280,400
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total budgeted expenditures	<u>\$ 1,280,400</u>	<u>\$ 1,280,400</u>	<u>\$ -</u>	<u>\$ 1,280,400</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 7,669,600	\$ 7,669,600	\$ 7,669,600	\$ -
Federal funds	100,000	1,000,000	416,700	(583,300)
Other state funds	-	-	-	-
	<u>7,769,600</u>	<u>8,669,600</u>	<u>\$ 8,086,300</u>	<u>\$ (583,300)</u>
Budgeted fund balance	<u>-</u>	<u>-</u>		
Total revenues and budgeted fund balance	<u>\$ 7,769,600</u>	<u>\$ 8,669,600</u>		

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 68,600	\$ 248,600	\$ 239,222	\$ 9,378
Contract services	8,474,600	8,294,600	7,765,519	529,081
Other costs	126,400	126,400	11,415	114,985
Other financing uses	-	-	-	-
	<u>8,669,600</u>	<u>8,669,600</u>	<u>\$ 8,016,156</u>	<u>\$ 653,444</u>

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, 2011

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
Revenues				
General fund appropriation	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ -
Federal funds	-	-	-	-
Other state funds	-	-	-	-
	1,600,000	1,600,000	\$ 1,600,000	\$ -
Total budgeted revenues				
Budgeted fund balance	-	-		
Total revenues and budgeted fund balance	\$ 1,600,000	\$ 1,600,000		

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended	Expenditures	
Expenditures				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	1,600,000	1,600,000	1,524,320	75,680
Other costs	-	-	-	-
Other financing uses	-	-	-	-
	1,600,000	1,600,000	\$ 1,524,320	\$ 75,680
Total budgeted expenditures				

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	16,808,145	16,808,145	14,424,240	(2,383,905)
Other state funds	-	-	-	-
	<u>\$ 16,808,145</u>	<u>\$ 16,808,145</u>	<u>\$ 14,424,240</u>	<u>\$ (2,383,905)</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	\$ 135,461	\$ 135,461	\$ 63,652	\$ 71,809
Contract services	3,575,661	3,575,661	2,509,991	1,065,670
Other costs	13,097,023	13,097,023	11,850,597	1,246,426
Other financing uses	-	-	-	-
	<u>\$ 16,808,145</u>	<u>\$ 16,808,145</u>	<u>\$ 14,424,240</u>	<u>\$ 2,383,905</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, 2011

	<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	2,000,000	2,000,000	276,886	(1,723,114)
	<u>2,000,000</u>	<u>2,000,000</u>	<u>276,886</u>	<u>(1,723,114)</u>
Total budgeted revenues	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 276,886</u>	<u>\$ (1,723,114)</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Contract services	\$ 2,000,000	\$ 2,000,000	\$ 1,449,781	\$ 550,219
Other costs	-	-	-	-
	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,449,781</u>	<u>550,219</u>
Total budgeted expenditures	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,449,781</u>	<u>\$ 550,219</u>

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

SUPPLEMENTAL SECTION

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 22

Combining Balance Sheet by Components of the
General Fund

June 30, 2011

	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 *	\$ 9,674,612	\$ 444,167	\$ 4,836,643	\$ -	\$ 748,281	\$ -	\$ 571,332	\$ 16,275,035
Cash	61,200	-	-	-	-	-	-	61,200
Accounts receivable, net	10,648,851	-	2,276,272	4,977,802	-	5,481,989	1,382,900	24,767,814
Due from other funds	3,529,796	-	140,904	16	-	-	-	3,670,716
Due from other agencies	3,026,318	39	-	6,457,468	-	-	2,134	9,485,959
Supplies inventory	339,572	-	-	-	-	-	-	339,572
Other assets	465	-	-	-	-	-	-	465
Total assets	\$ 27,280,814	\$ 444,206	\$ 7,253,819	\$ 11,435,286	\$ 748,281	\$ 5,481,989	\$ 1,956,366	\$ 54,600,761
LIABILITIES AND FUND BALANCE								
Deficit State Fund Investment Pool *	\$ -	\$ -	\$ -	\$ 4,465,025	\$ -	\$ 1,344,233	\$ -	\$ 5,809,258
Accounts payable	14,652,931	-	3,741,611	6,370,436	231,563	3,729,631	580,860	29,307,032
Due to other funds	-	-	3,529,796	-	-	-	-	3,529,796
Due to other agencies	1,670,463	-	29,005	-	-	-	22,334	1,721,802
Due to state general fund	6,343,328	-	110	-	-	-	-	6,343,438
Due to federal government	286,355	-	-	633,082	-	216,474	31,772	1,167,683
Total liabilities	22,953,077	-	7,300,522	11,468,543	231,563	5,290,338	634,966	47,879,009
FUND BALANCES								
Nonspendable fund balance - inventory	339,572	-	-	-	-	-	-	339,572
Restricted	-	444,206	-	-	516,718	191,651	1,321,400	2,473,975
By law or grant	-	-	-	-	-	-	-	-
Subsequent year's expenditures appropriations	3,908,205	-	-	-	-	-	-	3,908,205
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	(46,703)	(33,257)	-	-	-	-
Unassigned	79,960	-	(46,703)	(33,257)	-	-	-	-
Total fund balances	4,327,737	444,206	(46,703)	(33,257)	516,718	191,651	1,321,400	6,721,752
Total liabilities and fund balances	\$ 27,280,814	\$ 444,206	\$ 7,253,819	\$ 11,435,286	\$ 748,281	\$ 5,481,989	\$ 1,956,366	\$ 54,600,761

*Balance netted to State Fund Investment Pool of \$10,465,777 on Exhibit 3.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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

Year Ended June 30, 2011

	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	\$ 57,983,445	\$ -	\$ 19,747,467	\$ 53,027,100	\$ -	\$ 38,744,321	\$ 1,927,347	\$ 171,429,680
Other state funds	4,411,723	-	2,060,437	107	-	322	-	6,472,589
Interest	1,494,859	812	-	-	-	-	-	1,495,671
Total revenues	63,890,027	812	21,807,904	53,027,207	-	38,744,643	1,927,347	179,397,940
EXPENDITURES								
Current operating:								
Health and Welfare	189,667,994	-	40,853,004	71,019,907	-	39,084,116	-	340,625,021
Public Safety	-	-	-	-	2,953,410	-	1,984,730	4,938,140
Capital outlay	268,006	-	-	-	-	-	-	268,006
Total expenditures	189,936,000	-	40,853,004	71,019,907	2,953,410	39,084,116	1,984,730	345,831,167
Excess (deficiency) of Revenues over expenditures	(126,045,973)	812	(19,045,100)	(17,992,700)	(2,953,410)	(339,473)	(57,383)	(166,433,227)
OTHER FINANCING SOURCES AND (USES)								
General fund appropriations	136,013,400	-	19,045,100	17,992,700	3,248,800	-	176,400	176,476,400
Special appropriations	-	-	-	-	-	-	-	-
Transfers from other State Agencies	-	-	-	-	-	-	-	-
Transfers to other State Agencies	(3,653,325)	-	-	-	-	-	-	(3,653,325)
General fund reversions	(5,989,242)	-	-	-	-	-	-	(5,989,242)
Total other financing sources and (uses)	126,370,833	-	19,045,100	17,992,700	3,248,800	-	176,400	166,833,833
Net change in fund balances	324,860	812	-	-	295,390	(339,473)	119,017	400,606
Fund balances, beginning of year	4,002,877	443,394	(46,703)	(33,257)	221,328	531,124	1,202,383	6,321,146
Fund balances, ending	\$ 4,327,737	\$ 444,206	\$ (46,703)	\$ (33,257)	\$ 516,718	\$ 191,651	\$ 1,321,400	\$ 6,721,752

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Cash Accounts
Year Ended June 30, 2011

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, 2011
General Fund:									
Wells Fargo Bank	Client Emergency Misc. Expenses	General	06700	Checking	No	\$ 53,454	\$ (1,683)	\$ 8,229	\$ 60,000
N/A	Petty Cash	General	06700	Petty Cash	-	1,200	-	-	1,200
Total General Fund cash						54,654	(1,683)	8,229	61,200
Fiduciary Funds:									
Bank of America	YDDC - Girls' Resident Trust	Agency	99600	Checking	No	22,887	(1,634)	54	21,307
Bank of America	J. Paul Taylor - Resident Trust	Agency	99600	Checking	No	8,420	(2,437)	-	5,983
Total Fiduciary Funds cash						31,307	(4,071)	54	27,290
Total Department cash						\$ 85,961	\$ (5,754)	\$ 8,283	\$ 88,490

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2011

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
08-690-00-05781	CYFD - New Mexico State University	CYFD	Pre K Services	07/01/2007 - 06/30/2011	CYFD 100%	\$ 46,579	CYFD 100%
08-690-00-05813	CYFD - University of New Mexico	CYFD	Pre K Services	07/01/2007 - 06/30/2011	CYFD 100%	264,775	CYFD 100%
08-690-00-05889	CYFD - City of Albuquerque	CYFD	Pre K Services	07/01/2007 - 06/30/2011	CYFD 100%	518,691	CYFD 100%
09-690-00-07700	CYFD - Torrance County	CYFD	Domestic Violence Services	07/01/2008 - 06/30/2012	CYFD 100%	99,000	CYFD 100%
09-690-00-07743	CYFD - Luna county	CYFD	Domestic Violence Services	07/01/2008 - 06/30/2012	CYFD 100%	200,000	CYFD 100%
09-690-00-07745	CYFD-Administrative Office of the Courts	CYFD	PS Adoption	07/01/2008 - 06/30/2012	CYFD 100%	25,000	CYFD 100%
09-690-00-08037	CYFD - San Juan County	CYFD	House JJS 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%
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%
09-690-00-08407	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%	150,000	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%
09-690-00-09042	CYFD - Chaves County	CYFD	Services for Children of Incarcerated Parents	07/01/2008 - 06/30/2012	CYFD 100%	268,700	CYFD 100%
09-690-00-09667	CYFD - City of Farmington	CYFD	Domestic Violence Capital Improvements	04/16/2009 - 06/30/2012	CYFD 100%	780,391	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%
09-690-00-09697	CYFD - City of Alamogordo	CYFD	Domestic Violence Capital Improvements	04/20/09 - 06/30/2012	CYFD 100%	135,769	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2011

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
09-690-00-09703	CYFD - Sandoval County	CYFD	Domestic Violence Capital Improvements	04/20/2009 - 06/30/2012	CYFD 100%	\$ 368,444	CYFD 100%
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%
09-690-00-09705	CYFD - Taos County	CYFD	Domestic Violence Capital Improvements	04/20/2009 - 6/30/2012	CYFD 100%	9,998	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%
10-690-00-10044	CYFD - University of New Mexico	CYFD	Home Visiting Training and Technical Assistance	07/01/2009 - 06/30/2012	CYFD 100%	167,861	CYFD 100%
10-690-00-10048	CYFD - Bernalillo County Metro Detention Center	CYFD	Non-Secure Alternatives	07/01/2009 - 06/30/2012	CYFD 100%	61,900	CYFD 100%
10-690-00-10177	CYFD - University of New Mexico	CYFD	Pre K Website	07/01/2009 - 06/30/2012	CYFD 100%	969,379	HSD 100%
10-690-00-10274	CYFD - University of New Mexico	CYFD	Home Visiting Services	07/01/2009 - 06/30/2012	CYFD 100%	90,000	CYFD 100%
10-690-00-10301	CYFD - University of New Mexico	CYFD	Home Visiting Services	07/01/2009 - 06/30/2012	CYFD 100%	69,460	CYFD 100%
10-690-00-10335	CYFD - Torrance County	CYFD	Home Visiting	07/01/2009 - 06/30/2011	CYFD 100%	63,000	CYFD 100%
10-690-00-10365	CYFD - NMSU School of Social Work	CYFD	Pre K Capital Improvements	07/01/2009 - 06/30/2011	CYFD 100%	276,886	CYFD 100%
10-690-00-10386	CYFD - Eddy County	CYFD	Domestic Violence Services	07/01/2009 - 06/30/2011	CYFD 100%	311,500	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%
10-690-00-10564	CYFD - City of Albuquerque	CYFD	Underage Drinking Prevention Program	07/01/2009 - 06/30/2011	CYFD 100%	45,000	HSD 100%
10-690-00-11119	CYFD - Jicarilla Apache Nation Behavioral Health Department	CYFD	Domestic Violence Services	07/01/2009 - 06/30/2012	CYFD 100%	90,000	HSD 100%
10-690-00-11235	CYFD - Rio Arriba County	CYFD	Juvenile Justice Community Corrections	07/01/2009 - 06/30/2011	CYFD 100%	95,000	CYFD 100%
10-690-00-11384	CYFD-University of New Mexico	CYFD	Juvenile Justice Community Corrections	2/3/2010 - 09/30/2015	CYFD 100%	463,335	CYFD 100%
10-690-00-12047	CYFD - New Mexico State University	CYFD	Independent Living Conference	07/01/2009 - 06/30/2011	CYFD 100%	45,000	CYFD 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%	251,484	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2011

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
10-690-9999-00-01007	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%	\$ 713,093	CYFD 100%
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 - 06/30/2012	CYFD 100%	385,312	CYFD 100%
10-690-9999-00-01015	CYFD - Region Education Cooperative IX	CYFD	ARRA-EC Initiatives	07/01/2009 - 06/30/2011	CYFD 100%	76,550	CYFD 100%
11-690-00-11235	CYFD - Public Safety Department of New Mexico	CYFD	Underage Drinking Awareness	07/01/2010 - 08/31/2011	CYFD 100%	95,000	CYFD 100%
11-690-00-11637	CYFD-City of Las Cruces	CYFD	Domestic Violence Services	5/3/2010 - 06/30/2012	CYFD 100%	635,384	CYFD 100%
11-690-00-11765	CYFD-San Miguel County	CYFD	Incarcerated Parents	07/01/2010 - 06/30/2011	CYFD 100%	16,250	CYFD 100%
11-690-00-11844	CYFD-University of New Mexico	CYFD	EC TTAP	07/01/2010 - 06/30/2012	CYFD 100%	987,898	CYFD 100%
11-690-00-11845	CYFD-University of New Mexico	CYFD	EC TTAP	07/01/2010 - 06/30/2012	CYFD 100%	245,072	CYFD 100%
11-690-00-11861	CYFD-Western New Mexico University	CYFD	EC TTAP	07/01/2010 - 06/30/2012	CYFD 100%	234,358	CYFD 100%
11-690-00-11862	CYFD-University of New Mexico	CYFD	EC TTAP	07/01/2010 - 06/30/2012	CYFD 100%	67,500	CYFD 100%
11-690-00-11865	CYFD-Santa Fe Community College	CYFD	EC TTAP	07/01/2010 - 06/30/2011	CYFD 100%	335,627	CYFD 100%
11-690-00-11975	CYFD-NMSU School of Social Work	CYFD	PS Family Support Services	07/01/2010 - 06/30/2011	CYFD 100%	50,000	CYFD 100%
11-690-00-11987	CYFD-Eighth Judicial District Attorney	CYFD	YF Investigations	07/01/2010 - 06/30/2011	CYFD 100%	11,500	CYFD 100%
11-690-00-11992	CYFD-City of Albuquerque	CYFD	Teen Parenting	07/01/2010 - 06/30/2011	CYFD 100%	70,000	CYFD 100%
11-690-00-12085	CYFD-University of New Mexico	CYFD	YF CTF Innovative Services	07/01/2010 - 06/30/2011	CYFD 100%	63,100	CYFD 100%
11-690-00-12096	CYFD-Lea County	CYFD	YF Investigations	07/01/2010 - 06/30/2011	CYFD 100%	9,000	CYFD 100%
11-690-00-12097	CYFD-Pueblo of Zia	CYFD	Develop Childrens Tribal Code	07/01/2010 - 06/30/2011	CYFD 100%	33,960	CYFD 100%
11-690-00-12098	CYFD-Navajo Nation	CYFD	Court Ordered	07/01/2010 - 06/30/2011	CYFD 100%	446,277	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2011

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
11-690-00-12099	CYFD-New Mexico Highlands University	CYFD	PS Title IV-E	07/01/2010 - 06/30/2011	CYFD 100%	\$ 1,975,824	CYFD 100%
11-690-00-12119	CYFD-Regional Education Cooperative IX	CYFD	JJS Education	07/01/2010 - 06/30/2011	CYFD 100%	18,000	CYFD 100%
11-690-00-12131	CYFD-Mescalero Apache School	CYFD	PS Foster Care	07/01/2010 - 06/30/2011	CYFD 100%	19,500	CYFD 100%
11-690-00-12158	CYFD-Pueblo of Zuni	CYFD	Domestic Violence Services	07/01/2010 - 06/30/2011	CYFD 100%	50,000	CYFD 100%
11-690-00-12160	CYFD-University of New Mexico	CYFD	Establish Pay Rates for Child Care Services	07/01/2010 - 06/30/2011	CYFD 100%	55,983	CYFD 100%
11-690-00-12184	CYFD-Eastern Plains Council of Governments	CYFD	Teen Parenting	07/01/2010 - 06/30/2011	CYFD 100%	27,000	CYFD 100%
11-690-00-12262	CYFD-Department of Health	CYFD	Medical Services in Juvenile Facilities	07/01/2010 - 06/30/2011	CYFD 100%	300,000	CYFD 100%
11-690-00-12265	CYFD-Eastern New Mexico University	CYFD	PS Title IV-E	07/01/2010 - 06/30/2011	CYFD 100%	141,407	CYFD 100%
11-690-00-12317	CYFD-Pueblo of Zuni	CYFD	Family Support Services	07/01/2010 - 06/30/2011	CYFD 100%	23,500	CYFD 100%
11-690-00-12318	CYFD-NMSU School of Social Work	CYFD	Facilitate/Coordinate JJS Comm	07/01/2010 - 06/30/2011	CYFD 100%	30,000	CYFD 100%
11-690-00-12319	CYFD-NMSU School of Social Work	CYFD	PS Title IV-E	07/01/2010 - 06/30/2011	CYFD 100%	1,488,896	CYFD 100%
11-690-00-12324	CYFD-Western New Mexico University	CYFD	PS Title IV-E	07/01/2010 - 06/30/2011	CYFD 100%	132,657	CYFD 100%
11-690-00-12352	CYFD-New Mexico Highlands University	CYFD	AmeriCorps	07/01/2010 - 12/31/2011	CYFD 100%	135,000	CYFD 100%
11-690-00-12370	CYFD-New Mexico School for the Deaf	CYFD	AmeriCorps	10/15/2010 - 12/31/2011	CYFD 100%	90,973	CYFD 100%
11-690-00-12371	CYFD-New Mexico Corrections Department	CYFD	AmeriCorps	09/01/2010 - 06/30/2011	CYFD 100%	220,627	CYFD 100%
11-690-00-12404	CYFD-Bernalillo County	CYFD	Juvenile Accountability	09/01/2010 - 08/31/2011	CYFD 100%	25,000	CYFD 100%
11-690-00-12405	CYFD-Sandoval County	CYFD	Juvenile Accountability	09/01/2010 - 08/31/2011	CYFD 100%	25,000	CYFD 100%
11-690-00-12406	CYFD-Grant County	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2012	CYFD 100%	70,827	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2011

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
11-690-00-12407	CYFD-Rio Arriba County	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	\$ 134,000	CYFD 100%
11-690-00-12408	CYFD-Los Alamos County	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	106,000	CYFD 100%
11-690-00-12415	CYFD-San Miguel County	CYFD	Juvenile Accountability	09/01/2010 - 06/30/2012	CYFD 100%	63,222	CYFD 100%
11-690-00-12418	CYFD-Curry County	CYFD	Juvenile Accountability	09/01/2010 - 06/30/2012	CYFD 100%	73,194	CYFD 100%
11-690-00-12419	CYFD-Sandoval County	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	326,900	CYFD 100%
11-690-00-12420	CYFD-Lea County	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	89,000	CYFD 100%
11-690-00-12421	CYFD-Taos County	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	131,000	CYFD 100%
11-690-00-12422	CYFD-City of Las Cruces	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	259,587	CYFD 100%
11-690-00-12423	CYFD-Chaves County	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	156,267	CYFD 100%
11-690-00-12424	CYFD-Mckinley County	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	132,610	CYFD 100%
11-690-00-12425	CYFD-Bernalillo	CYFD	Juvenile Accountability	09/01/2010 - 08/31/2011	CYFD 100%	277,000	CYFD 100%
11-690-00-12427	CYFD-City of Raton	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	65,000	CYFD 100%
11-690-00-12429	CYFD-Lincoln County	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	116,000	CYFD 100%
11-690-00-12431	CYFD-City of Santa Fe	CYFD	Juvenile Accountability	09/01/2010 - 09/30/2011	CYFD 100%	217,331	CYFD 100%
11-690-00-12450	CYFD-University of New Mexico	CYFD	Juvenile Accountability	09/01/2010 - 06/30/2012	CYFD 100%	100,000	CYFD 100%
11-690-00-12586	CYFD-University of New Mexico	CYFD	Community Corrections	07/01/2010 - 01/31/2011	CYFD 100%	9,255	CYFD 100%
11-690-00-12594	CYFD-Torance County	CYFD	Community Corrections	07/01/2010 - 06/30/2012	CYFD 100%	50,000	CYFD 100%

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Joint Powers Agreements (Continued)

June 30, 2011

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
11-690-00-12711	CYFD-NMSU School of Social Work	CYFD	PS - Title IV-E	10/28/2010 - 06/30/2013	CYFD 100%	\$ 240,000	CYFD 100%
11-690-00-12765	CYFD-Region Education Cooperative IX	CYFD	TANF Head Start	12/09/2010 - 06/30/2011	CYFD 100%	31,000	CYFD 100%
11-690-00-12975	CYFD-Luna Community College	CYFD	Family Support Services	01/18/2011 - 06/30/2011	CYFD 100%	5,000	CYFD 100%
11-690-00-12990	CYFD-NMSU School of Social Work	CYFD	EUD	01/25/2011 - 08/31/2011	CYFD 100%	37,300	CYFD 100%
11-690-00-12999	CYFD-Collax County	CYFD	Delinquency Prevention	01/19/2011 - 06/30/2011	CYFD 100%	25,000	CYFD 100%
11-690-00-13020	CYFD-Valencia County	CYFD	AmeriCorp	03/11/2011 - 06/30/2011	CYFD 100%	30,000	CYFD 100%
11-690-00-13064	CYFD-Pueblo of Isleta	CYFD	Delinquency Prevention	01/25/2011 - 12/30/2011	CYFD 100%	10,000	CYFD 100%
11-690-00-13067	CYFD-City of Truth or Consequences	CYFD	Delinquency Prevention	01/25/2011 - 12/30/2011	CYFD 100%	37,000	CYFD 100%
11-690-00-13207	CYFD-Santa Clara Pueblo	CYFD	Early Intervention	03/25/2011 - 12/30/2011	CYFD 100%	76,000	CYFD 100%
11-690-00-13279	CYFD-National Hispanic Cultural Center Foundation	CYFD	CTF Innovation Services	04/30/2011 - 06/30/2011	CYFD 100%	5,000	CYFD 100%
11-690-00-13443	CYFD-University of New Mexico	CYFD	Home Visiting	05/20/2011 - 06/30/2011	CYFD 100%	15,000	CYFD 100%
11-690-9999-00-03116	CYFD-La Casa, Inc.	CYFD	Domestic Violence Services	12/30/2010 - 06/30/2011	CYFD 100%	24,000	CYFD 100%
11-690-9999-00-03121	CYFD-Bernalillo County	CYFD	Non-Secure Alternatives	02/01/2011 - 06/30/2011	CYFD 100%	250,000	CYFD 100%
11-690-9999-00-12820	CYFD-Region Education Cooperative IX	CYFD	PreK and Child Development	12/0/20110- 06/30/2011	CYFD 100%	289,882	CYFD 100%

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

Agency Funds

June 30, 2011

**SHARE
FUND #**

ACCOUNT

AGENCY FUNDS

25500	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, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Resident Agency Accounts</u>				
<u>Assets</u>				
Cash	\$ 18,550	\$ 15,085	\$ 6,345	\$ 27,290
<u>Liabilities</u>				
Deposits held for others	\$ 18,550	\$ 15,085	\$ 6,345	\$ 27,290
<u>Children's Social Security Agency Funds</u>				
<u>Assets</u>				
State Fund Investment Pool	\$ 1,074,357	2,763,210	\$ 3,016,425	\$ 821,142
Due from other agencies	159	94	159	94
Total Assets	\$ 1,074,516	\$ 2,763,304	\$ 3,016,584	\$ 821,236
<u>Liabilities</u>				
Deposits held for others	\$ 897,988	\$ 3,450,662	\$ 3,667,992	\$ 680,658
Due to other funds	176,528	140,578	176,528	140,578
Total Liabilities	\$ 1,074,516	\$ 3,591,240	\$ 3,844,520	\$ 821,236
<u>Combined Agency Funds:</u>				
<u>Assets</u>				
Cash	\$ 18,550	\$ 15,085	\$ 6,345	\$ 27,290
State Fund Investment Pool	1,074,357	2,763,210	3,016,425	821,142
Due from other agencies	159	94	159	94
Total assets	\$ 1,093,066	\$ 2,778,389	\$ 3,022,929	\$ 848,526
<u>Liabilities</u>				
Deposits held for others	\$ 916,538	\$ 3,465,747	\$ 3,674,337	\$ 707,948
Due to other funds	176,528	140,578	176,528	140,578
Total Liabilities	\$ 1,093,066	\$ 3,606,325	\$ 3,850,865	\$ 848,526

SINGLE AUDIT INFORMATION

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Deferred) Revenue at 6/30/2010	Federal Revenue	Federal Expenditures and Other	Accrued (Deferred) Revenue at 6/30/2011
U.S. Department of Agriculture					
Direct Programs					
Child Care Food Program 08	10.558	\$ (5,046)	\$ -	\$ (271)	\$ (5,317)
Child Care Food Program 09	10.558	(5,090)	5,090	-	-
Child Care Food Program 10	10.558	3,984,514	(12,215,563)	8,230,097	(952)
Child Care Food Program 11	10.558	-	(20,702,314)	25,571,344	4,869,030
Summer Food Service Program 08	10.559	4,328	-	-	4,328
Summer Food Service Program 09	10.559	(24,442)	24,442	-	-
Summer Food Service Program 10	10.559	1,778,980	(3,766,852)	1,987,667	(205)
Summer Food Service Program 11	10.559	-	(2,626,337)	3,696,224	1,069,887
State Administrative Expense 09	10.560	42,494	(42,494)	-	-
State Administrative Expense 10	10.560	162,477	(632,065)	469,588	-
State Administrative Expense 11	10.560	-	(230,145)	443,417	213,272
Subtotal		5,938,215	(40,186,238)	40,398,066	6,150,043
U.S. Department of Agriculture					
Passed through NM Department of Education					
National School Lunch - YDDC 09-10	10.555	21,846	(21,846)	-	-
National School Lunch - JPTC 09-10	10.555	7,147	(7,147)	-	-
National School Lunch - YDDC 10-11	10.555	-	(254,732)	277,710	22,978
National School Lunch - JPTC 10-11	10.555	-	(80,165)	86,979	6,814
Subtotal		28,993	(363,890)	364,689	29,792
U.S. Department of Agriculture					
Passed through NM Human Services Department					
Education and Training 10	10.561	150,250	(300,500)	150,250	-
Education and Training 11	10.561	-	(300,500)	450,750	150,250
Subtotal		150,250	(601,000)	601,000	150,250
Total Department of Agriculture		\$ 6,117,458	\$ (41,151,128)	\$ 41,363,755	\$ 6,330,085

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2011

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Deferred) Revenue at 6/30/2010	Federal Revenue	Federal Expenditures and Other	Accrued (Deferred) Revenue at 6/30/2011
U.S. Department of Health and Human Services					
Direct Programs					
Children's Justice FY08	93.643	\$ 38,786	\$ (52,599)	\$ 12,313	\$ (1,500)
Children's Justice FY09	93.643	-	(71,103)	135,624	64,521
Headstart Collaboration Grant 08	93.600	(8,565)	-	-	(8,565)
Headstart Collaboration Grant 09	93.600	17,919	(17,919)	-	-
Headstart Collaboration Grant 10	93.600	-	(60,570)	139,207	78,637
Headstart Collaboration Grant 11	93.600	-	-	-	-
Child Care Developmental Funds Grant 09 - ARRA	93.713	1,166,939	(7,888,606)	6,738,874	17,207
Child Care Developmental Funds Grant 10	93.596	15,656,539	(25,746,085)	10,089,546	-
Child Care Developmental Funds Grant 11	93.596	-	(18,304,375)	25,178,663	6,874,288
Promoting Safe and Stable Families	93.556	(7,626)	-	-	(7,626)
Promoting Safe and Stable Families	93.556	1,049,511	(2,190,014)	1,139,917	(586)
Promoting Safe and Stable Families	93.556	-	(1,274,395)	2,259,159	984,764
Promoting Safe and Stable Families (caseworker visits)	93.556	54,606	(91,979)	37,373	-
Promoting Safe and Stable Families (caseworker visits)	93.556	-	(93,879)	157,197	63,318
Child Abuse and Neglect (CAN) Part I 07	93.669	70,751	(70,751)	-	-
Child Abuse and Neglect (CAN) Part I 08	93.669	29,692	(66,118)	78,558	42,132
Community Based Family Resource Program 06	93.590	50,486	(50,486)	-	-
Community Based Family Resource Program 07	93.590	91,459	(530,846)	487,723	48,336
Community Based Family Resource Program 08	93.590	-	-	173,936	173,936
Title IV-E Foster Care 03	93.658	1,346,560	-	-	1,346,560
Title IV-E Foster Care 04	93.658	51,145	-	-	51,145
Title IV-E Foster Care 09 ARRA	93.658	(5,824)	-	-	(5,824)
Title IV-E Foster Care 10	93.658	4,302,226	(9,980,604)	5,678,017	(361)
Title IV-E Foster Care 10 ARRA	93.658	36,632	(98,321)	61,689	-
Title IV-E Foster Care 11	93.658	-	(14,520,303)	18,332,683	3,812,380
Title IV-E Foster Care 11 ARRA	93.658	-	(94,927)	94,927	-
Title IV-E Adoption Assistance	93.659	-	(60,829)	65,204	4,375
Title IV-E Adoption Assistance	93.659	(154,318)	-	-	(154,318)
Title IV-E Adoption Assistance	93.659	(81,474)	-	-	(81,474)
Title IV-E Adoption Assistance	93.659	139,040	-	-	139,040
Title IV-E Adoption Assistance	93.659	2,135	-	-	2,135
Title IV-E Adoption Assistance	93.659	(2,668)	-	-	(2,668)
Title IV-E Adoption Assistance	93.659	1,061,979	(4,057,317)	2,995,338	-
Title IV-E Adoption Assistance	93.659	104,498	(324,187)	219,689	-
Title IV-E Adoption Assistance	93.659	-	(12,656,056)	13,966,514	1,310,458

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2011

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Deferred) Revenue at 6/30/2010	Federal Revenue	Federal Expenditures and Other	Accrued (Deferred) Revenue at 6/30/2011
Title IV-E Adoption Assistance	93.659	\$ -	(338,740)	\$ 338,740	\$ -
Title IV-E Adoption Assistance	93.659	-	(217,792)	239,922	22,130
Title IV-B CWS 10	93.645	-	(408,077)	408,077	-
Title IV-B CWS 11	93.645	-	(861,186)	1,192,038	330,852
Title IV-E Independent Living 08	93.674	(15,545)	-	-	(15,545)
Title IV-E Independent Living 09	93.674	274,725	(365,931)	91,206	-
Title IV-E Independent Living 10	93.674	-	(285,343)	414,314	128,971
Education and Training Voucher Program 08	93.599	(27,331)	-	-	(27,331)
Education and Training Voucher Program 09	93.599	19,229	(70,230)	51,001	-
Education and Training Voucher Program 10	93.599	-	(86,576)	107,215	20,639
Family Violence Prevention 09	93.671	(447,656)	(509,869)	957,525	-
Family Violence Prevention 10	93.671	-	(344,389)	362,228	17,839
Social Services Block Grant 10	93.667	(3,083,392)	(2,837,345)	5,920,737	-
Social Services Block Grant 11	93.667	-	(4,552,940)	5,372,325	819,385
Adoption Incentive Payment Program 07	93.603	(4,027)	-	-	(4,027)
Adoption Incentive Payment Program 09	93.603	5,711	(307,179)	342,187	40,719
Access & Visitation Program 09	93.597	23,167	(34,130)	10,963	-
Access & Visitation Program 10	93.597	-	(54,972)	94,689	39,717
Families and Organizations Collaborating for a United System (FOCUS)	93.104	446,323	(747,948)	301,625	-
Families and Organizations Collaborating for a United System (FOCUS)	93.104	-	(430,201)	1,002,693	572,492
Behavioral Health System Transformation Grant (carryover year 4)	93.243	150,932	(249,840)	196,515	97,607
Behavioral Health System Transformation Grant (year 5)	93.243	1,022,700	(1,108,405)	412,483	326,778
Adoption Opportunities	93.652	-	(90,426)	205,843	115,417
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	-	-	30,000	30,000
Early Childhood Advisory Council ARRA	93.708	-	(28,918)	207,156	178,238
Subtotal		23,375,264	(112,232,706)	106,301,633	17,444,191
U.S. Department of Health and Human Services					
Passed Through NM Human Services Department					
Child Care Development Funds	93.596	10,451,065	(16,814,502)	6,363,437	-
Child Care Development Funds	93.596	-	(12,723,613)	19,150,163	6,426,550
TANF (Domestic Violence) FY 11	93.unknown	-	(1,008,000)	1,008,000	-
TANF (Homevisiting) FY 10	93.unknown	125,000	(125,000)	-	-
TANF (Pre-K) FY 10	93.unknown	375,000	(375,000)	-	-
TANF (Pre-K) FY 11	93.unknown	-	(416,700)	416,700	-
Subtotal		10,951,065	(31,462,815)	26,938,300	6,426,550
Total Department of Health and Human Services		\$ 34,326,329	\$ (143,695,521)	\$ 133,239,933	\$ 23,870,741

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT
Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2011

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Deferred) Revenue at 6/30/2010	Federal Revenue	Federal Expenditures and Other	Accrued (Deferred) Revenue at 6/30/2011
U.S. Department of Justice					
Direct Programs					
Juvenile Accountability Incentive Block Grant	16.523	\$ 246,592	\$ -	\$ 147,308	\$ 393,900
Juvenile Accountability Incentive Block Grant	16.523	-	(45,262)	-	279,517
JJDP Formula Grant	16.540	242,286	(583,787)	341,501	-
JJDP Formula Grant	16.540	-	(111,539)	526,848	415,309
JJDP Formula Grant	16.540	-	-	-	-
JJDP - Title V	16.540	42,319	(42,319)	-	-
JJDP - Title V	16.540	2,250	-	37,000	39,250
JJDP - Title V	16.540	-	-	7,841	7,841
JJDP - Title V	16.540	-	-	-	-
Enforcing the Underage Drinking Laws Block Grant	16.727	217,505	(281,467)	62,895	(1,067)
Enforcing the Underage Drinking Laws Block Grant	16.727	-	(149,973)	330,171	180,198
Juvenile Justice Pilot Program	16.727	-	(10,186)	22,933	12,747
Criminal and Juvenile Justice & Mental Health Collaboration Program	16.745	-	-	25,940	25,940
Total Department of Justice		\$ 750,952	\$ (1,224,533)	\$ 1,827,216	\$ 1,353,635
U.S. Department of Education					
Passed through NM Department of Education					
Title I 08	84.013	87,252	-	-	87,252
Title I 09	84.013	85,649	-	-	85,649
Title I 10	84.013	93,939	(172,680)	132,212	53,471
Title I 11	84.013	-	(75,517)	96,266	20,749
Title II 10	84.unknown	2,478	-	-	2,478
Title II 11	84.unknown	-	-	2,422	2,422
Special Ed Idea B 07	84.unknown	309,278	-	-	309,278
Special Ed Idea B 08	84.unknown	(30,489)	-	-	(30,489)
Special Ed Idea B 09	84.unknown	38,005	(27,056)	-	10,949
Special Ed Idea B 09 ARRA	84.unknown	41,530	(41,530)	-	-
Special Ed Idea B 10	84.unknown	43,714	(7,054)	12,110	48,770
Special Ed Idea B 11	84.unknown	-	(59,950)	94,998	35,048
Carl Perkins 09	84.unknown	1,247	(7,969)	6,722	-
Carl Perkins 10	84.unknown	10,028	(5,067)	-	4,961
Carl Perkins 11	84.unknown	-	-	5,002	5,002
Special Education Research Grants 10	84.324A	-	-	26,309	26,309
Special Education Research Grants 11	84.324A	-	-	34,567	34,567
Teacher Mentoring Program FY10	84.unknown	350	-	-	350
State Directed Activity Allocation FY10	84.unknown	-	(58,461)	58,461	-
State Directed Activity Allocation FY11	84.unknown	-	(867)	34,347	33,480
School Library Go Bond 08	84.unknown	(308)	-	-	(308)
School Library Go Bond 10	84.unknown	6,910	-	-	6,910
Total Department of Education		\$ 689,583	\$ (456,151)	\$ 503,416.0	\$ 736,848

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT
Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2011

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Deferred) Revenue at 6/30/2010	Federal Revenue	Federal Expenditures and Other	Accrued (Deferred) Revenue at 6/30/2011
U.S. Department of Education ARRA Passed through NM Department of Finance					
Child Care Assistance Government Services Fund ARRA	84.397	\$ -	(2,000,000)	\$ 2,000,000	\$ -
Child Care Assistance Government Services Fund ARRA	84.397	-	(3,136,407)	3,136,407	-
Early Child Care Programs Government Service Fund ARRA	84.397	-	(553,431)	670,023	116,592
Juvenile Justice Advisory Committee Government Service Fund ARRA	84.397	-	(205,909)	244,272	38,363
Child Crisis and Family Services Dona Ana County Government Service Fund ARRA	84.397	-	(79,411)	111,651	32,240
Domestic Violence Government Service Fund ARRA	84.397	-	(166,388)	184,375	17,987
Incarcerated Parents Government Service Fund ARRA	84.397	-	(33,667)	50,000	16,333
Total Department of Education ARRA		\$ -	(6,175,213)	\$ 6,396,728	\$ 221,515
Commission for National & Community Service					
Americorps Administration	94.006	42,504	(274,637)	270,287	38,154
Americorps Training (PDAT) 08	94.006	41,138	(74,017)	42,478	9,599
Americorps Training (PDAT) 11	94.006	-	(13,204)	27,011	13,807
Americorps Disability 08	94.006	8,620	(48,877)	58,385	18,128
Americorps Disability 11	94.006	-	(6,141)	12,377	6,236
Americorps Competitive	94.006	143,759	(143,759)	-	-
Americorps Competitive ARRA	94.006	120,572	(796,281)	1,223,004	547,295
Americorps Formula	94.006	37,965	(48,597)	10,632	-
Americorps Formula ARRA	94.006	214,258	(828,350)	1,126,486	512,394
Learn and Serve America	94.006	40,176	(73,870)	33,694	-
	94.004	62,854	(162,475)	135,218	35,597
Total Commission for National & Community Service		711,846	(2,470,208)	2,939,572	1,181,210
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 42,596,168	(195,172,754)	\$ 186,270,620	\$ 33,694,034

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

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

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 due to federal government. Debit balances in federal revenue represent payments made to the federal awarding agency.

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

Note B. Reconciliation to Governmental Funds Financial Statements

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

Federal revenue earned per schedule and Exhibit 5	<u>\$ 186,270,620</u>
Federal financial assistance receivable per schedule	\$ 33,694,034
Due to federal government per the schedules	<u>348,164</u>
	<u>\$ 34,042,198</u>
Reconciliation to the financial statements	
Due from other state agencies - FACTS	\$ 6,457,468
Due from other state agencies - ARRA	221,515
Accounts receivable from federal government - Federal grants receivable per Note 4	<u>27,363,215</u>
	<u>\$ 34,042,198</u>

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2011

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	\$ 33,471,598
Summer Food Program	U.S. Department of Agriculture	10.559	5,594,819
State Administrative Expense	U.S. Department of Agriculture	10.560	24,435
Juvenile Account Incentive Block Grant	U.S. Department of Justice	16.523	290,201
JJDP Formula Grant	U.S. Department of Justice	16.540	783,293
Enforcing the Underage Drinking Laws Block Grant	U.S. Department of Justice	16.727	396,606
NM Justice & Mental Health Planning Project	U.S. Department of Justice	16.745	20,411
Government Services Funds ARRA	U.S. Department of Education	84.397	1,848,945
Families and Organizations Collaborating for a United System (FOCUS)	U.S. Department of Health and Human Services	93.104	1,139,798
Behavioral Health System Transformation Grant	U.S. Department of Health and Human Services	93.243	58,619
Promoting Safe and Stable Families	U.S. Department of Health and Human Services	93.556	2,664,795
CAPTA-Community Based Family Resource Program	U.S. Department of Health and Human Services	93.590	426,930
Child Care and Development Block Grant	U.S. Department of Health and Human Services	93.596	1,885,338
Access & Visitation Program	U.S. Department of Health and Human Services	93.597	105,651
Education and Training Voucher Program	U.S. Department of Health and Human Services	93.599	134,624
Head start Collaboration Grant	U.S. Department of Health and Human Services	93.600	31,000
Adoption Incentive Payment Program	U.S. Department of Health and Human Services	93.603	281,025
Children's Justice	U.S. Department of Health and Human Services	93.643	187,693
Diligent Recruitment Grant	U.S. Department of Health and Human Services	93.652	205,843
Title IV-E Foster Care	U.S. Department of Health and Human Services	93.658	3,242,293
Title XX SOSR	U.S. Department of Health and Human Services	93.667	382,517
Child Abuse and Neglect (CAN) Part I	U.S. Department of Health and Human Services	93.669	106,327
Family Violence Prevention	U.S. Department of Health and Human Services	93.671	990,798
Title IV-E Independent Living	U.S. Department of Health and Human Services	93.674	239,410
Early Childhood Advisory Council ARRA	U.S. Department of Health and Human Services	93.708	200,331
Child Care Developmental Funds Grant 09 - ARRA	U.S. Department of Health and Human Services	93.713	162,281
Learn and Serve America	U.S. Commission for National & Community Service	94.004	135,220
AmeriCorps Competitive/Formula	U.S. Commission for National & Community Service	94.006	2,575,469
AmeriCorps Training PDAT	U.S. Commission for National & Community Service	94.009	400
			\$ 57,586,670



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

1422 Paseo de Peralta
Post Office Box 1847
Santa Fe, New Mexico 87504
(505) 983-3387
(505) 988-2505 FAX
(800) 983-1040 Toll Free
ba@barracough.com

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

Managers
Douglas W. Fraser, C.P.A.
Laura Parker, C.P.A.
Rick W. Reynolds, C.P.A.
Katherine M. Rowe, C.P.A.
Rhonda G. Williams, C.P.A.

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
Yolanda Berumen-Deines, 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, 2011, which collectively comprise the Department's basic financial statements and have issued our report thereon dated December 7, 2011. 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, 2011, 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, 08-01 and 10-01.

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, 10-01, 10-02, 10-03, 11-01 and 11-02. 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 and 09-04.

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 7, 2011

"26 Years of Excellence"



1422 Paseo de Peralta
Post Office Box 1847
Santa Fe, New Mexico 87504
(505) 983-3387
(505) 988-2505 FAX
(800) 983-1040 Toll Free
ba@barracough.com

Barracough & Associates, P.C.
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Principals

John E. Barracough, Jr., C.P.A.
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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
Yolanda Berumen-Deines, 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, 2011. 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, 2011. 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, 10-03, 11-01 and 11-02.

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 7, 2011

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

Status of Prior Year Audit Findings

Year Ended June 30, 2011

<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
09-03	Cell Phone Lost or Stolen	✓		09-03
09-04	Payroll – Personal File Documents	✓		09-04
10-01	John Paul Taylor Trust Account	✓		10-01
10-02	Special Nutrition Program	✓		10-02
10-03	Matching Requirement for Promoting Safe and Stable Families	✓		10-03

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

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 two current year findings and a follow up of four prior year findings relating to the audit of internal control over major federal award programs that we are required to be reported under 510(a) of Circular A-133.
7. The programs tested as major programs included:

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
Government Services Fund ARRA	84.397
Families and Organizations Collaborating for a United System (FOCUS)	93.104
Early Childhood Advisory Council – ARRA	93.708

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 (Continued)

Year Ended June 30, 2011

B. Findings – Financial Statement Audit

07-01 Computer Conversion and Reconciliations – Significant Deficiency for Financial Statement Audit and Single Audit Findings (All Federal Programs)

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 to make a \$3,836,326 adjustment to reduce Federal revenue in the general ledger. In addition, federal reporting for the Child Care Development funds will need to be corrected for this adjustment. The Department has \$1,176,179 due to federal government on the general ledger. The schedule of expenditures of federal awards has an amount of \$348,164 of due to federal government. Most of the difference is old balances that have not changed from the prior year that need to be resolved with the applicable Federal agency.

Criteria:

The federal revenues and corresponding accounts receivable 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.

Effect:

The lack of the grant module to properly record federal revenue, accounts receivable, deferred revenue or due to federal government to the SHARE general ledger increases the risk that the general ledger and federal reporting and timing of draws of federal funds could be incorrect until the reconciliation process is performed.

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 (Continued)

Year Ended June 30, 2011

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 due to federal government 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.

Management Response:

The Department continues its efforts to implement a reconciliation process to assure the federal revenue recorded in Share reconciles to that reported on the SEFA. This process remains an issue as CYFD continues to encounter the lack of resources to fully address this issue and the insufficient funding necessary to improve the grants module in SHARE. In fiscal year 2012, it is anticipated the Federal Grants Section should be fully staffed and able to implement a process independently of the SHARE System to validate and reconcile federal revenue.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

B. Findings - Financial Statement Audit

08-02 Capital assets – Other Finding

Condition:

During our fixed assets observation, we found two fixed asset tag identification numbers not entered correctly on the Department's master detail listing. The Department's master detail listing presents these two fixed asset tag numbers as a duplicate of another fixed asset item on the Information Technology San Mateo Office's annual certification listing. The total amount of the two fixed asset items is \$31,176.

Also during our capital assets test work, we found one item that had been transferred from one juvenile detention facility to another juvenile detention facility in FY10. Yet, this fixed asset item is presented on the Department's master detail listing as being in the old location instead of the new location.

The Department's annual capital asset certifications were not completed by all areas of the Department.

Criteria:

Per Section 2.20.1.6 (d) and (e) of NMAC – Annual Inventory states, “The inventory process shall produce a list of the property and the date and cost of acquisition. The annual physical inventory checks against losses not previously revealed and brings to light errors in records of accountability, but more importantly, a systematic physical inventory of fixed assets provides an opportunity for surveying their physical condition, with respect to their need for repairs, maintenance or replacement.”

“The results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency. In the process of conducting their fieldwork, the state auditor or independent public accountant under a contract approved by the state auditor may test the correctness of the inventory by generally accepted accounting procedures (Laws 1999, Chapter 230).”

Cause:

The Capital Asset Administrator entered the fixed asset items in error and did not detect them in a timely manner. Also, it appears the Capital Asset Administrator is not properly maintaining the Department's master detail listing.

Effect:

The Department's master detail listing is not properly recorded and maintained and not all capital asset certifications were done by the Department.

Recommendation:

The Department needs to properly perform their fixed asset physical observations on a timely basis to ensure the processes and procedures comply with the NM State Statutes. We also recommend management properly monitor their fixed asset detail listing to ensure their fixed assets are complete and accurately stated.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

B. Findings - Financial Statement Audit (Continued)

08-02 Capital assets (Continued)

Management Response:

The Department has utilized the Microsoft Excel (MS Excel) spreadsheet software to account for its Capital Assets since the Statewide Human Resources, Accounting and Financial Management Reporting System (SHARE) implementation, which did not include a functional Capital Asset Management Module.

Although MS Excel is adequate to account for our less than 500 assets, it is highly susceptible to clerical errors, such as duplication and deletion of tag numbers and related data. The Department is currently evaluating capital asset management software. This evaluation includes but is not limited to a cost benefit analysis of the SHARE Capital Asset Management Module as well as other applicable capital asset management software.

It is the Department's policy to conduct capital assets physical observance in accordance with the statutory requirements of section 12-16-10(A), NMSA, 1978, and the Department will continue to comply with these requirements. However, it is our belief that implementation of capital asset management software should greatly enhance our ability to accurately document and communicate the results of the annual physical observance at multiple locations and provide a basis for the reconciliation to and tracking of transfers and other activities timely and efficiently.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

B. Findings – Financial Statement Audit (Continued)

09-03 Cell Phone Expenditures – Lack of Supporting Documentation – Other Finding

Condition:

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

- There were 2 cell phones and equipment out of 13 cell phones and equipment tested that did not trace to the purchase order or to the invoice filed for Juvenile Probation and Parole – District 8 reporting categories. The total for this invoice is \$655.

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 the Juvenile Probation and Parole – District 8 reporting category.

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 (Continued)

Year Ended June 30, 2011

B. Findings – Financial Statement Audit (Continued)

09-04 Personnel File is Missing PAR and Employee Evaluations – Other Finding

Condition:

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

- Four 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 a resume or application. The Human Resources (HR) Supervisor could not locate the resume in the employee file. However, it was later located by an HR Staff in another location.

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.

Cause:

The Department did not monitor to ensure the evaluations and the PERA membership form was included in the employee's file.

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 insufficient internal control processes to monitor employees' evaluation are completed timely and that resumes or applications are included in the file.

Recommendation:

We recommend the Department test personnel files during the year to ensure resumes or applications are in the file and evaluations are done timely.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

B. Findings – Financial Statement Audit (Continued)

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

Management Response:

The resume for the employee was misfiled in the "Position file" with the recruitment documentation rather than the employee's own personnel file. This was corrected. Applications have not existed since July of 2006, therefore an application would not be in the personnel record.

Of the four employees without annual performance evaluations, one employee was on extended leave and resigned before being able to return to work. Therefore, a performance evaluation was not required. A second employee's evaluation was submitted late and entered on 10/26/11 (due in July of 2011). The remaining two have not been submitted as both have new supervisors and a closeout review was not conducted. The new supervisors have been directed to complete the evaluations.

Corrective Action Plan:

CYFD HR staff has submitted a request to the DFA/SHARE team to develop an effective report for identifying late performance evaluations in order to follow up with supervisors in a more timely basis.

Due to staff shortages in HR in FY11, it was difficult to conduct consistent audits on personnel files. However, since positions have been filled, HR now has a position dedicated to file maintenance. This will help prevent future filing errors.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

B. Findings – Financial Statement Audit (Continued)

Significant Deficiency

10-01 John Paul Taylor Center and Youth Diagnostic & Development Center – Cash Reconciliations

Condition:

During our cash audit test work, we found the following items pertaining to cash reconciliations:

1. The Youth Diagnostic & Development Center's (YDDC) Client Trust Account Specialist misfiled a check in June 2011. Thus, YDDC did not properly account for this check in the June 30, 2011 bank reconciliation. This check number should have been included as an outstanding check item. The amount of this check is \$59.33.
2. The YDDC's June 2011 bank reconciliation presented an incorrect check number in the list of outstanding checks. Yet, this check had been voided in the April 2011 bank reconciliation and was inaccurately carried forward on the bank reconciliations for the next five months.
3. The YDDC Client Trust Account for the June 2011 to August 2011 bank reconciliations supporting documentation presents numerous resident account line items referencing the last transaction date as 12/30/11. This format or presentation is inaccurate and unusual in nature. The YDDC Financial Specialist Supervisor states the client trust account specialist posted these dates in error and he has since gone in and corrected those errors. Yet for the bank reconciliations tested, the YDDC Financial Specialist Supervisor's signature is shown at the bottom of the bank reconciliations certifying the cash accounts.
4. The YDDC Client Trust Account's June 2011 bank reconciliation shows four instances totaling \$600 with the description of fund raising activity.
5. During our cash test work, we found the John Paul Taylor Center (JPTC) and the Youth Diagnostic & Development Center (YDDC) resident trust accounts at June 30, 2011 bank reconciliations supporting documentation presented negative balances for seven clients trust accounts and one club account out of a combined total of 429 client trust accounts and club accounts. The combined negative balance amount is \$95.28 which presents overdrawn clients trust accounts and one club account.
6. The JPTC and YDDC financial specialist supervisors allowed the clients to overdraw their trust accounts when the State of New Mexico owes the client money for incentive pay.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

B. Findings – Financial Statement Audit (Continued)

Significant Deficiency (Continued)

**10-01 John Paul Taylor Center and Youth Diagnostic & Development Center – Cash Reconciliations
(Continued)**

7. The JPTC financial specialist compiled a draft policies and procedures for the JPTC's resident trust accounts. However, it was noted that this draft copy was not properly signed or approved by the governing body or management. Thus, there are no policies and procedures properly approved during the fiscal year of audit.
8. In our test work we noted that three individual client accounts of JPTC month end balances did not agree to the activity roll forward of transactions for those accounts.
9. Also, the John Paul Taylor Resident Trust Account references an inaccurate name of corporation as being the State of New Mexico Department of Game & Fish.

Criteria:

1. Per Section 6-5-2.1 J. NMSA 1978 states, "perform monthly reconciliations with the balances and accounts kept by the state treasurer and adopt and promulgate rules regarding reconciliation for state agencies."
2. 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."
3. 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."
4. Per 2.20.5.8 C. (4) NMAC states, "cash records are reconciled timely each month to the division's reports and to the state treasurer's reports."

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

B. Findings – Financial Statement Audit (Continued)

Significant Deficiency (Continued)

10-01 John Paul Taylor Center and Youth Diagnostic & Development Center – Cash Reconciliations (Continued)

Cause:

It appears that several of the Department's bank reconciliations are not being properly performed on a monthly-basis. There appears to be a lack of oversight due to the continuous improper reconciliation procedures and other activity such as fund raising revenue activity being accounted for in the facilities resident trust accounts.

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:

1. The Department is in noncompliance with the Public Money Act Section 6-5-2.1.J NMSA 1978; and NMAC Section 2.20.5.3 and Section 2.20.5.8 C (4).

Recommendation:

We recommend the Department prepare timely and accurate monthly bank reconciliations for each of their cash accounts with proper authorization. Also, the Department needs to disperse and account for their checks in sequential order for all of their cash accounts and ensure individual trust account balances are accounted for properly on a monthly basis.

We recommend the Department establish proper policies and procedures to include written policies for the Client's Trust Accounts – Incentive Pay for all of the Department's Juvenile Justice Services (JJS) which includes both the JPTC and the YDDC. All of the Juvenile Justice Services' residents or clients should be paid on a timely-basis for their work performance within the JJS facilities. The outstanding checks for the related clients (un-located) should be mailed to the Unclaimed Property's Unit at NM Taxation and Revenue Department. Fund raising activity and other transactions which do not relate to trust accounts must not be accounted for in the trust bank accounts. The Department can use a separate bank account to account for this activity in its financial statements.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

B. Findings – Financial Statement Audit (Continued)

Significant Deficiency (Continued)

**10-01 John Paul Taylor Center and Youth Diagnostic & Development Center – Cash Reconciliations
(Continued)**

Management's Response:

CYFD Juvenile Justice and Administrative Services recognize the Client Trust Fund fiduciary responsibilities with the utmost degree of good faith, honesty, integrity, and loyalty in service of the beneficiaries' interest. The Department plans to implement Policies & Procedures and to enhance internal controls over the accuracy of accounting, reporting and internal auditing of the trust fund activities and balances.

Although the Cottage and Dorm trust funds comingled with the Client Trust funds do not represent a conflicting interest, we concur it to be appropriate to separate these funds. The Department plans to submit an application the Office of the State Treasurer to authorize additional deposit accounts for the non-client related Cottage and Dorm trust funds and to develop and implement applicable Policies & Procedures.

Outstanding Client Trust Fund checks to the benefit of former Clients, who cannot be located, are subject to the holding period and delivery time requirements of the Uniform Unclaimed Property Act [7-8A-14 to 7-8A-31 NMSA 1978]. Pursuant to the New Mexico State Taxation and Revenue Department, Unclaimed Property Office published Retention Period & Property Types, Trust related properties have a five (5) year retention period. If the Client forwarding address is not provided or is incorrect, as indicated by the returned postage or stale dated check outstanding, the Client Fund balance is retained in the Client Trust account for the five (5) year period of escheatment.

The Department is committed to enhancing compliance with established Policies and Procedures which require that unclaimed balances, after the five (5) year period of escheatment, along with supporting documentation, be forwarded to the New Mexico State Taxation and Revenue Department Unclaimed Property Office. Former Clients must be directed to that office to file any claim(s) in accordance with applicable laws, rules and regulations.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

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

Finding relating to both the Financial Statements and all Federal Awards 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 2011 budget did not provide resources to establish an operating internal audit function. Also, there was an allegation of irregular activity in the Farmington office relating to a missing \$500 from a crime restitution payment made at that office for the Crime Victims Reparation Commission that is investigated by the Department's staff since there is no internal audit function.

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.

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

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

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)

Recommendation:

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

Management Response:

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 continue to report any fraudulent activity as required to the Office of the State Auditor. In the past the Department has not had the budget to fill the vacant Internal Audit position. Executive management recognizes the importance of this critical function to operation of the department, therefore budget adjustments have been made in order to fill this position. In fiscal year 2012 the Department has advertised the Internal Audit position and is currently in the process of interviewing candidates for the position. The position will be filled during the fiscal year 2012 audit review process.

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

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

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

10-02 Financial Management Review of the Special Nutrition Program – Other Finding

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. At June 31, 2011 the Department still owes this amount 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 great strides in properly accounting for disallowed claims determined by internal reviews and recoveries by the program participants. However, returning the funds to USDA Food and Nutrition Services continues to be an issue, as the Department of Finance requires an invoice to process any payments regardless of the payee. Recent conversations regarding these issues with the Department of Finance State Controller appears to have rectified this issue. USDA will be paid for those recoveries in fiscal year 2012.

STATE OF NEW MEXICO
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

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

10-03 Matching Requirement for Promoting Safe and Stable Families – Other Finding

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 \$7,668 for time-limited family reunification services. The Department expended 19.87% on time-limited family reunification 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.

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Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

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

11-01 Sub-Recipient Monitoring – Other Finding

TANF Domestic Violence CFDA #93.671, Promoting Safe and Stable Families CFDA # 93.556 and Americorps Competitive/Formula CFDA #94.006

Condition:

We noted the following from our testwork of 20 sub-recipients:

- A single audit was not conducted for one non-profit organization (El Puente del Socorro) as required by the Department's policies and was not noted as an exception on the desk review. The report provided by the non-profit was not performed by a CPA firm and did not meet professional standards.
- One audit report was not received for one non-profit year end of September 30, 2010 and two other non-profits were received late.

Criteria:

- An audit with single audit standards should be conducted by the external auditor (CPA) for the non-profit organization to ensure compliance with the programs funded by the Department.
- Independent Audit Reports' should be submitted to the Department's Contract/Audit Unit within nine months of contractor's fiscal year end.

Effect:

- The lack of an audit with single audit standards by a CPA firm for the non-profit organization indicates that improvement in desk reviews is needed to detect audit reports not performed by a CPA firm.
- The lack of current audit reports indicates that improvement in desk reviews is needed to ensure reports are received timely.

Questioned Costs:

None.

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Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

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

11-01 Sub-Recipient Monitoring (Continued)

Cause:

- An audit with single audit standards for the non-profit organization was not performed by a CPA firm and was not noted as an exception in the desk review.
- Independent audit reports' were not received within nine months.

Recommendation:

Audit reports for non-profit organizations performing contractual work with the Department should be received timely. Upon receiving the audit reports an internal desk review should be performed to ensure an audit with yellow book and single audit standards was conducted. All audit reports that have not been received should be requested by the Department. At present, the Department requires an audit with yellow book standards for an entity that receives more than \$250,000 in Department funds and a single audit for an entity that receives more than \$500,000 in Department funds.

Management Response:

CYFD agrees that a single audit was not conducted on "EL Puente Del Socorro" as required by Department policy. The contractor was informed in 2009 and 2010 and continues to utilize the same accountant to prepare his financials. Insufficient reports will not be acceptable from sub-recipients.

CYFD staff performing the desk audits will be counseled on the requirements of Independent Audit Reports being received on a timely basis as outlined in the contract. CYFD will assure that the tracking in place is reviewed & reconciled and contractor is notified by mail if the audit report is not received on time. The CYFD program manager responsible for the monitoring of the program will also be notified at the same time.

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Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

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

11-02 No Filing of Financial Report – Other Finding

CFDA #93.708
Early Childhood Advisory Council – ARRA
U.S. Department of HHS
No questioned costs

Condition:

The Department did not file the semi-annual Financial Status Report (SF-425) report for the Early Childhood Advisory Council – ARRA for the period ending June 30, 2011.

Criteria:

The SF-425 semi-annual due date for the period ending June 30, 2011 was July 30, 2011.

Questioned Costs:

None.

Cause:

The Department erroneously did not complete the SF-425 for submission.

Effect:

The SF-425 was not submitted causing non-compliance with grant of award requirements.

Recommendation:

CYFD should ensure that all reports are submitted in a timely manner.

Management Response:

The SF-425 report was due during the close out of the state fiscal year and the generation and submission of the financial report was overlooked and never completed. With the quarter ending December 31, 2011, both the June 30, 2011 semi-annual and December 31, 2011 semi-annual reports will be submitted and any additional information that the federal awarding agency may have for the late submission of the June 30, 2011 report will be provided.

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Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2011

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
10-02	Special Nutrition Program	✓		10-02
10-03	Matching Requirement for Promoting Safe and Stable Families	✓		10-03

**STATE OF NEW MEXICO
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Exit Conference

June 30, 2011

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

An exit conference was held on December 8, 2011 to discuss the audit report and audit findings.

Those in attendance were as follows:

Children Youth and Families Department

Yolanda Berumen-Deines	Secretary
Renada L. Peery-Galon	ASD – Director/CFO
Annette Romero	Budget Director
Sandra Salazar	Bureau Chief
Reese McAlister	Federal Grant Manager
Bernice Tapia	Financial Manager

Barracough & Associates, P.C.

John E. Barracough	Principal
Douglas W. Fraser	Senior Audit Manager
Lynette Kennard	Supervisor

Office of the State Auditor

Carla Martinez	Deputy State Auditor
Rosemary Whitegeese	Audit Supervisor