



Timothy Keller  
State Auditor

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

Sanjay Bhakta, CPA, CGFM, CFE  
Deputy State Auditor

VIA EMAIL

February 2, 2015

Monique Jacobsen, Secretary-Designate  
C/O Sandra Steckler, CFO  
Children, Youth & Families Department  
[sandra.steckler@state.nm.us](mailto:sandra.steckler@state.nm.us)

Dear Secretary-Designate Jacobsen,

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

We are gravely concerned about **Finding 2007-001**, identifying a significant deficiency because the Department has not reconciled cash since the conversion of SHARE accounting system. As you know, this is an issue of utmost importance to the State as a whole. It appears that the Department has not reconciled cash for seven years, which is particularly troubling given the Department's authorization to issue third-party warrants.

In addition, we observed that the Department does not have a note disclosure related to contingent liabilities (claims & judgments) based on high profile cases in which the Department is currently involved.

Because our assessment is based only on the information available in the audit report, we want to provide an opportunity clarify and provide an explanation. Please respond to this Office no later than 45 days from the date of this letter regarding the Agency's explanation of these situations and plans for and progress toward corrective action on these issues. We may use this information in evaluating whether any additional test work, designation or other referral is necessary in connection with the Department's Fiscal Year 2015 audit, or to make additional referrals to the Department of Finance and Administration. Please do not hesitate to contact our auditor Anna Williams at [Anna.Williams@osa.state.nm.us](mailto:Anna.Williams@osa.state.nm.us) or (505) 476-3800 if you have questions about this letter.

Sincerely,

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

Tim Keller, State Auditor

**2540 Camino Edward Ortiz, Suite A, Santa Fe, New Mexico 87507**  
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February 2, 2015

SAO Ref. No. 690

Monique Jacobson, Cabinet Secretary-Designate  
Children, Youth & Families Department  
1120 Paseo de Peralta  
Santa Fe, NM 87502-5160

SUBJECT: Audit Report—Children, Youth & Families Department—2013-2014 Fiscal Year—Prepared by CliftonLarsonAllen, LLP

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

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

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

The independent public accountant's findings and comments are included in the audit report on pages 117-126. **It is ultimately the responsibility of the governing authority of the agency to take corrective action on all findings and comments. Section 2.2.2.10(J) NMAC requires that an exit conference be held with representatives of the agency's governing authority and top management.**

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

Timothy Keller  
State Auditor

cc: CliftonLarsonAllen, LLP

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

**FINANCIAL STATEMENTS AND SCHEDULES**

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

**FISCAL YEAR ENDED JUNE 30, 2014**

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

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CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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## INTRODUCTORY SECTION

**STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
OFFICIAL ROSTER  
JUNE 30, 2014**

<b>Name</b>	<b>Title</b>
Yolanda Berumen-Deines	Secretary
Jennifer Padgett	Deputy Secretary
Sandra Stewart	Director of Juvenile Justice Services
Michelle Aubel	Director of Administrative Services
Jared Rounsville	Director of Protective Services
Daphne Rood-Hopkins	Director of Youth and Family Services
Steve Hendrix	Director of Early Childhood Services
Damien Aragon	Chief Information Officer



**CliftonLarsonAllen**

CliftonLarsonAllen LLP  
CLAAconnect.com

## INDEPENDENT AUDITORS' REPORT

Yolanda Berumen-Deines, Secretary  
NM Children, Youth and Families Department  
and Mr. Hector Balderas, New Mexico State Auditor  
Santa Fe, New Mexico

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information and all respective budgetary comparisons of the State of New Mexico that is attributable to the transactions of the Department. They do not purport to, and do not present fairly the financial position of the entire State of New Mexico as of June 30, 2014, and the changes in the financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

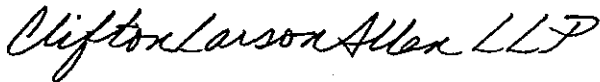
Our audit was conducted for the purpose of forming opinions on the Department's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget Circular A-133, Audits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

The Schedule of Expenditures of federal award and other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal award and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

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

**CliftonLarsonAllen LLP**



Albuquerque, New Mexico  
December 15, 2014

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Year Ended June 30, 2014

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, 2014. 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.

#### 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, 2014

FINANCIAL ANALYSIS OF THE DEPARTMENT AS A WHOLE

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

	Current year June 30, 2014	Prior year June 30, 2013	Favorable or (Unfavorable)	Percentage Change
<b>Assets</b>				
Current assets	62,155,720	68,734,142	(6,578,422)	-9.57%
Capital assets	1,629,897	1,384,553	245,344	17.72%
Total Assets	<u>63,785,617</u>	<u>70,118,695</u>	<u>(6,333,078)</u>	<u>-9.03%</u>
<b>Liabilities</b>				
Current liabilities	43,369,812	52,271,136	(8,901,324)	-17.03%
Long - term liabilities	5,518,268	5,505,575	12,693	0.23%
Total liabilities	<u>48,888,080</u>	<u>57,776,711</u>	<u>(8,888,631)</u>	<u>-15.38%</u>
<b>Net Position</b>				
Investment in capital assets	1,629,897	1,384,553	245,344	17.72%
Restricted	14,157,771	20,239,721	(6,081,950)	-30.05%
Unrestricted	(890,131)	(9,282,290)	8,392,159	-90.41%
Total Net Position	<u>14,897,537</u>	<u>12,341,984</u>	<u>2,555,553</u>	<u>20.71%</u>
<b>Program revenues and expenses</b>				
Program revenues	159,458,711	170,112,739	(10,654,028)	-6.26%
Program expenses	(383,560,992)	(366,508,784)	(17,052,208)	4.65%
Net revenue (expense)	<u>(224,102,281)</u>	<u>(196,396,045)</u>	<u>(27,706,236)</u>	<u>14.11%</u>
<b>General revenues (expenses)</b>				
General fund and special appropriations	228,575,000	209,307,600	19,267,400	9.21%
Other revenue	1,614,423	1,433,853	180,570	12.59%
Other sources/(uses), net	(1,789,970)	(1,856,670)	66,700	-3.59%
Total general revenues (expenses)	<u>228,399,453</u>	<u>208,884,783</u>	<u>19,514,670</u>	<u>9.34%</u>
Reversion to State General Fund	(1,741,619)	(9,152,697)	7,411,078	-80.97%
Change in net position	2,555,553	3,336,041	(780,488)	-23.40%
Beginning net position	<u>12,341,984</u>	<u>9,005,943</u>	<u>3,336,041</u>	<u>37.04%</u>
Ending net assets	<u>14,897,537</u>	<u>12,341,984</u>	<u>2,555,553</u>	<u>20.71%</u>

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Year Ended June 30, 2014

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

- *Current Assets* decreased by \$6,578,422 or 9.57 percent. This net decrease consists of many changes over the prior year as follows: State Fund Investment Pool (decrease of \$9,721,675), Accounts receivable (net decrease of \$784,586), Due from Agency Fund (decrease of \$33,847), Due from Other Agencies increase of \$3,692,292, Supplies Inventory (decrease of \$7,075), Other Assets increase of \$120 and Investments at State Investment Council increase of \$276,349.
- *Capital Assets and Investment in Capital Assets* increased by \$245,344 or 17.72 percent due to capital improvements made at the Lincoln Pines Youth Center.
- *Total Assets* decreased by \$6,333,078 or 9.03 percent. See discussions under *Current Assets* and *Capital Assets and Investment in Capital Assets* above.
- *Current Liabilities* decreased by \$8,901,324 or 17.03 percent due to several changes of the liability accounts as follows: Accounts payable increase of \$4,603,132, Due to other agencies (decrease of \$187,635), Due to State General Fund (decrease of \$7,116,299), Due to federal government (decrease of \$441,718), Compensated Absences increase of \$29,617 and other related payroll liabilities and withholdings increase of \$335,773, Accrued Payroll increase of \$266,122, and Unearned income (decrease of \$6,390,316).
- *Long-Term Liabilities* increased by \$12,693 or .23 percent due to the change in long term portion of compensated absences.
- *Total Liabilities* decreased by \$8,888,631 or 15.38 percent. See discussion under *Current Liabilities* above.
- *Restricted Net Position* decreased by \$6,081,950 or 30.05 percent due mainly to the decreases in the subsequent years expenditures by applicable legislation and law. Additionally, the financial presentation of restricted net position at June 30, 2014 does not include committed fund balances, as required by GASB 54.
- *Unrestricted Net Position* deficit decreased by \$8,392,159 or 90.41 percent due to the reclassification of committed fund balances, in accordance with GASB 54, on the Statement of Net Position.
- *Total Net Position* increased by \$2,555,553 or 20.71 percent. See discussion under *Current Assets* and *Current Liabilities* above.
- *Program Revenues* decreased by \$10,654,028 or 6.26 percent. Net decrease mainly attributed to Federal Funds (decrease of \$10,054,546) and Other State Funds increased of \$100,518.
- *Program Expenses* increased by \$17,052,208 or 4.65 percent due mainly to the increase in the General Fund Appropriation for fiscal year 2014.



STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Year Ended June 30, 2014

- *Deficiency of Program Revenues over Program Expenses* increased by \$27,606,236 or 14.11 percent. See discussion under *Program Revenues* and *Program Expenses* above.
- *General Fund Appropriations* increased by \$19,267,400 or 9.21 percent over the prior year's appropriations.
- *Other Revenues* increased by \$180,570 or 12.59 percent due primarily to an increase in interest and gain on investments.
- *Other Sources (Uses) net* decreased by \$66,700 or 3.59 percent.
- A *Reversion to State General Fund* the FY14 reversion decreased by \$7,411,078 or 80.97 percent. CYFD, increased expenditures over FY13. Some of the increase in expenditures is attributed to an implementation of a 3 percent salary increase to address recruitment and retention efforts of Juvenile Services and Protective Services workers who have direct contact with families and children. Other factors include the establishment of a liability to satisfy the litigation settlement for compensation increases and back pay to July 1, 2008 for those employees covered by the bargaining agreement under the American Federation of State, County and Municipal Employees (AFSCME).
- *Change in Net Assets* increased by \$2,555,553 or 20.71 percent due to the excess of revenue over expenditures for FY14.

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, 2014	Prior Year June 30, 2013	Increase or (Decrease)	Percentage Change
<b>General Fund</b>				
Nonspendable	\$ 312,552	\$ 319,627	\$ (7,075)	-2.21%
Restricted	3,791,068	8,513,842	(4,722,774)	-55.47%
Committed	5,000,476	-	5,000,476	-
<b>Total General Fund</b>	<b>9,104,096</b>	<b>8,833,469</b>	<b>270,627</b>	<b>3.06%</b>
<b>Non - Major Funds</b>				
Nonspendable	7,016,164	6,743,488	272,676	4.04%
Restricted	7,141,607	4,982,391	2,159,216	43.34%
<b>Total Non Major Funds</b>	<b>14,157,771</b>	<b>11,725,879</b>	<b>2,431,892</b>	<b>20.74%</b>
<b>Total</b>	<b>\$ 23,261,867</b>	<b>\$ 20,559,348</b>	<b>\$ 541,254</b>	<b>-54.62%</b>

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

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

**For the Year Ended June 30, 2014**

Ending fund balance for the current fiscal year, in the General Fund accounted for 39.0 percent of total fund balance for the Department. Of the General Fund, approximately 55.0 percent was committed, 42.0 percent was restricted, and 3.0 percent was nonspendable.

**FY14 GENERAL BUDGETARY HIGHLIGHTS**

The State of New Mexico Legislators appropriated a State budget of \$5.88 billion dollars in General Fund, a 4.3 percent increase over FY13. While majority of the increase addresses spending in Higher Education, Public Schools and Medicaid, the budget continues to support the state's investment in early childhood education and sets aside funds to meet federal requirements on state spending levels for special education. Spending on Public Safety included additional pay increases for state police and motor transportation officers. The average increase for the rest of state government, where spending growth has been marginal since the start of the recession, is 4.6 percent. The Legislators passed a capital bill in the amount of \$269,000.0 to fund state and local projects with about \$650,000.0 in general obligation bonds to be spent on infrastructure and equipment statewide.

The Children, Youth and Families Department (CYFD) FY14 budget in General Fund was appropriated at \$219,966.3, a \$12,233.7 or a 5.889 percent increase over FY13. The general fund increase includes \$106.4 for Employee Accountability, \$500.0 for Shelter Care, \$1,050.0 for the JS Continuum, funding to replace the federal Adoption Incentive Grant in the amount of \$450.0 and \$1,800.0 for the Home Visiting Program. CYFD was also appropriated fund balance of \$1,100.0 from the Permanent Land Fund Balance and \$180.0 from the Pre-K Fund Balance.

CYFD, through a Governor's Executive Order transferred the Americorp Federal Program to the Department of Workforce Solutions. The transfer included the budget and 4.0 FTE. The Juvenile Justice Services received 50.0 FTE to staff the Lincoln Pines Youth Center in Southeastern New Mexico. The Department was budgeted for 2,146.6 FTE with an overall vacancy factor of 8.89 percent. In Laws of 2013, Chapter 227, Section 8, funding was appropriated to provide employees with a 1.0 percent increase to compensation. CYFD, during FY14, implemented a 3.0 percent increase in compensation to Juvenile Justice Services and Protective Services workers who have direct family and client contact to support recruitment and retention efforts. CYFD also received special appropriation funding from the Tobacco Settlement Fund and TANF for reimbursement of licensed childcare providers, Pre-K Programs and Home Visiting Programs.

In FY14, CYFD made tremendous strides to carryout initiatives associated with the Federal Race to the Top Early Learning Challenge Grant. The federal funding was received in FY13 and is a joint venture with the Public Education Department and the Department of Health. This funding is to be spent on the development and implementation of Statewide Early Learning and Development Standards, Program Standards, a Tiered Quality Rating and Improvement System, a Workforce Knowledge and Competence Framework and Progression of Credentials for Early Childhood Educators. The Grant of Award is for \$25,000.0 and CYFD's share of the funding is \$20,000.0 to be spent by December 31, 2016.

In FY14, Capital Outlay funding of \$2,000.0 was appropriated to the General Services Department – Facilities Management Division, to do capital improvements and code compliance upgrades at the Juvenile Justice Services detention facilities statewide in support of the Cambiar objectives, for ADA upgrades, security and a centralized waste removal system. The Juvenile Justice Services, through their base operating budget dealt with other infrastructure improvements to ensure compliance and safety with the opening of the Lincoln Pines Youth Center in October 2013.

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

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

**For the Year Ended June 30, 2014**

In FY13, CYFD filed an appeal with the Department of Health and Human Services (DHHS), Department of Appeals Board for a disallowance regarding federal Title IV-E Administrative Costs claimed using a Penetration Rate for Foster Care that excludes children pending an eligibility determination from the total population of children in Foster Care. In March 2014, CYFD and the Department of Health and Human Services Administration for Children and Families came to an agreement on how the Penetration Rate should be calculated. CYFD recently revised its cost allocation plan to incorporate the change and is currently in the process of revising federal claims.

Other significant issues addressed by CYFD in FY14 was the litigation settlement between the State of New Mexico and American Federation of State, County and Municipal Employees (AFSCME). CYFD contributed to legal fees related to the settlement, the costs of a contractor to analyze and calculate the impacts to state agencies and the establishment of a liability to address the compensation increases and back pay to July 1, 2008 for those CYFD employees covered by the bargaining agreement. CYFD under Executive Order, added additional staff to address the back log of Child Protective Services Investigations and implemented two child advocacy centers, one in Los Lunas and another in Albuquerque. These advocacy centers co-locate child protective services, law enforcement and community providers to ensure children receive the most comprehensive assessment services.

**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 2013, First Session, Chapter 227, Section 4 for the year ended June 30, 2014 were:

<u>TYPE</u>	<u>MEASURE</u>	<u>TARGET</u>	<u>RESULT</u>
<b>Early Childhood Services:</b>			
Outcome	Percent of licensed childcare providers participating in stars/aim high levels three through five or with national accreditation	25.00%	31.6%
Outcome	Percent of children in state funded prekindergarten showing measurable progress on the preschool readiness kindergarten tool.	92.00%	90.2%
Outcome	Percent of children receiving state subsidy in starts/aim high programs level three through five or with national accreditation.	25.0%	41.1%
<b>Protective Services:</b>			
Outcome	Percent of children who are not the subject of substantiated maltreatment while in foster care.	99.70%	99.9%

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

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

**For the Year Ended June 30, 2014**

Outcome	Percent of children who are not the subject of substantiated maltreatment within six months of a prior determination of substantiated maltreatment.	93.00%	88.8%
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		93.00%	92.0%
Outcome	Percent of adult victims or survivors receiving domestic violence services who have an individualized safety plan.		

**Juvenile Justice Services:**

Outcome	Percent of clients who complete formal probation.	92.00%	92.1%
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Outcome	Percent of incidents in juvenile justice services facilities requiring use of force resulting in injury.	1.50%	2.2%
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Outcome	Percent of clients recommitted to a children, youth and families department facility within two years of discharge from facilities.	10.00%	9.7%
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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.	8.00%	7.1%
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Outcome	Number of physical assaults in juvenile justice facilities	<260	270
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**Program Support:**

Outcome	Percent vacancy rate for youth care specialists	0.0%	0.0%
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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Total capital assets, net of depreciation, for the Department makes up 2.6 percent of the Department's total assets. The Department has no infrastructure assets.

Total compensated absences at June 30, 2014 are \$6,394,227. The estimated amount to be paid from current General Fund appropriations within one year is \$4,475,959 or 70.0 percent, with \$1,918,268 or 30.0 percent due after one year. There was no significant activity to report for compensated absences during the year ended June 30, 2014.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Year Ended June 30, 2014

**FY15 OPERATING BUDGET AND FY16 BUDGET REQUEST**

CYFD depends primarily on appropriations from the New Mexico State General Fund. The State Legislature in the General Appropriations Act, Laws of 2014, Chapter 63, Section 4, appropriated \$232,393.6 in general fund to CYFD for the FY15 Operating Budget. The general fund increase includes \$100.0 to fund a tracking system for the Academy of Professional Development and Training (APDT), \$629.9 to provide recurring funding to assist with the operations of the Lincoln Pines Youth Center, \$214.6 to replace loss of federal funding through sequestration, \$1,400.0 assist with the growing costs in care and support in Protective Services, \$1,000.0 to provide Foster Parents with a rate increase of \$50 to \$75, \$500.0 to fund a Domestic Violence Capacity Building Project, \$80.0 for a Domestic Violence Shelter in Western San Juan County, \$100.0 for a child advocacy center in Curry County, \$100.0 for supportive housing and behavioral health services for pregnant and parenting teens in Lea County and \$10.0 to provide equine-assisted services for children of San Miguel armed services veterans.

The FY15 Operating Budget also includes funding for increased rates for risk assessments billed by the General Services Department, \$659.7 for 10 new Child Protective Services Investigator positions, \$1,606.0 for compensation increases for both Juvenile Justice Services and Protective Services to support recruitment and retention efforts for hard to fill positions. The Early Childhood Services received additional general fund of \$2,000.0 to pilot an extended-day Pre-K Program, \$300.0 for training, technical assistance and professional development of Child Care Assistance Programs, \$300.0 for statewide teacher education retention and compensation, \$450.0 for high quality early childhood development center planning grants, \$2,500.0 for Home Visiting, \$25.0 for an evidence-based home visiting program in northern NM and \$50.0 to improve and expand early childhood education programs in Anton Chico in Guadalupe County. Early Childhood Services also received in operating transfers, TANF appropriations of \$8,100.0 for Home Visiting and Pre-K Programs and \$200.0 in Protective Services to pilot a supportive housing project to provide permanent housing and supportive services for families that lack adequate housing or struggle with substance abuse or mental issues or have child who have been identified as victims of child abuse or neglect. A special appropriation of \$50.0 was also appropriated to assist with the temporary care and housing of animals of victims of domestic violence.

The FY15 Operating Budget included in the compensation section of the General Appropriations Act, increases for employees statewide of 3.0 percent with additional increases for public safety employees including the direct line workers in Juvenile Justice Services and Protective Services.

In FY15, CYFD did not receive funding in the 2014 Legislature for Capital Outlay, but did receive reauthorization of previous year's appropriations for infrastructure improvements, to include renovations for the Loma Cottage and resurfacing of the main parking at the Youth Diagnostic and Development Center and for construction, furniture and equipment at the John Paul Taylor Center in Las Cruces.

CYFD received an IT appropriation of \$50.0 to implement the Asset Management Module in the Statewide Human Resources, Accounting Enterprise (SHARE) System. CYFD has had a repeat finding since 2008 and has been tracking fixed assets using excel spreadsheets. Implementing the use of this module will assist CYFD with a more effective method of tracking assets and calculating depreciation.

The FY16 Operating Budget Request includes a base general fund base request of \$239,492.4, an increase of \$7,098.8 or 3.05 percent over the FY15 operating budget. The general fund increase supports a Department vacancy rate of 10.55 percent, budgeting vacant positions at mid-point of the salary ranges. At the end of the first quarter of FY15, the Juvenile Justice Services Program had a vacancy rate of 16.0 percent and the Protective Services Program had a vacancy rate of 18.0 percent. The high FTE vacancy rates have led to an increase in

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Year Ended June 30, 2014

turnover contributed to burnout, high caseloads, more difficult cases and clients and higher overtime costs. The general fund request includes increases of \$500.0 for Overtime and \$1,000.0 to reduce the budgeted vacancy factor in Juvenile Justice Services, \$150.0 for Domestic Violence Programs, \$1,000.0 for caseworker overtime and \$3,000.0 to alleviate the growing trend for care and support payments for children in state custody in Protective Services, \$58.0 and \$790.8 to increase rates for Safe House and Shelter Care in the Behavioral Services Program.

The CYFD Operating Budget Request includes \$10,112.0 in expansion items for the following: \$5,000.0 for 93 FTE to assist with the growing number of cases, to reduce overtime and to create a more manageable workload for staff; \$1,200.0 to establish seven (7) additional Child Advocacy Pilot Sites and a Multi-Disciplinary Network where Child Protective Services, law enforcement and community providers would be co-located to coordinate the support of all entities investigating child abuse and neglect to ensure more comprehensive services are provided to the child victims and families; \$1,000.0 to establish five (5) Family Support Services Sites for Protective Services to ensure families are getting the services they need and to provide more efficient follow-up to ensure families are participating in recommended services; \$500.0 to provide one (1) additional day of respite care to foster parents; \$700.0 to support the initiative of Keeping Families Together; \$800.0 to open a 12-bed Reintegration Center for Juvenile Justice Services in the Southeastern part of the State; \$536.7 to create seven (7) FTE to support Information Technology Services; \$120.0 to create two (2) FTE to support Employee Support Services; \$136.1 to create two (2) FTE to support the Families in Need of Court Ordered Services (FINCOS) initiatives; \$118.9 to create two (2) FTE to assist with the training of staff; and the conversion of eight (8) authorized and seven (7) unauthorized Term FTE to Perm FTE with no fiscal impacts to the budget.

Through the General Services Department – Facilities Management Division, CYFD has requested funding in alignment with the Department's facilities master plan. The master plan calls for a system of smaller, regionally-based treatment-focused facilities that meet the vision, goals and objectives of the Cambiar New Mexico model initiated by the Juvenile Justice Services Program in 2008. The Department plans are to regionalize facilities in four areas of the state – the northeast, southeast, northwest and central. The Department's Infrastructure Capital Improvement Plan's (ICIP) first priority is \$1,655.2 to plan and design Regional Cambiar Youth Facility, \$1,446.1 for a Visitors Center and Warehouse for the Youth Diagnostic and Development Center (YDDC), \$788.4 for Improvements at the Lincoln Pines Youth Center, \$515.0 at YDDC and Camino Nuevo for and Emergency Access Road, \$1,300.0 at YDDC and Camino Nuevo to replace the roof on the Recreation Building and \$62.0 for building improvement at the Henry Perea Building in Los Lunas.

The Department submitted its annual information technology request for FY16 that includes \$3,015.7 to build Phase 4 of the Enterprise Provider Information Constituent Services (EPICS) web-based system for Juvenile Justice Services. EPICS replaces the legacy Family Automated Client Tracking System (FACTS).

#### 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 Position

June 30, 2014

ASSETS	<u>Governmental Activities</u>
Current assets:	
Cash	\$ 60,750
State Fund Investment Pool	29,050,815
Accounts receivable, net	29,299,191
Due from other agencies	5,120,841
Supplies inventory	312,552
Other assets	582
Investments at State Investment Council	<u>2,973,113</u>
Total current assets:	66,817,844
Noncurrent assets:	
Capital assets, net	<u>1,629,897</u>
Total assets	<u>68,447,741</u>

LIABILITIES

Deficit State Fund Investment Pool	\$ 4,662,124
Accounts payable	32,000,597
Accrued payroll	1,406,509
Payroll taxes payable	298,080
Due to other agencies	658,697
Due to state general fund	2,219,921
Due to federal government	966,697
Other payroll related liabilities and withholdings	1,098,449
Compensated absences	4,475,959
Unearned revenue	244,903
Noncurrent liabilities:	
Lawsuit litigation accrual	3,600,000
Compensated absences due in more than one year	<u>1,918,268</u>
Total liabilities	<u>53,550,204</u>

NET POSITION

Net investment in capital assets	1,629,897
Restricted for:	
Children's trust fund - permanent	7,016,164
Children's trust fund - special revenue	1,146,146
Day care fund	2,630,655
Subsequent years expenditures by applicable legislation and law	3,364,806
Unrestricted (deficit)	<u>(890,131)</u>
Total net position	<u>\$ 14,897,537</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, 2014

	Expense	Program Revenues Operating Grants and Contributions		Governmental Activities Net Program (Expense)
<b>Governmental Activities:</b>				
Health and Welfare	\$ (379,837,286)	\$ 158,580,494	\$	(221,256,792)
Public Safety	(3,147,653)	878,217		(2,269,436)
Depreciation expense	(576,053)	-		(576,053)
Total governmental activities	\$ (383,560,992)	\$ 159,458,711		(224,102,281)
<b>General Revenues:</b>				
General fund and special appropriations				228,575,000
Interest				1,614,423
Total general revenues				230,189,423
<b>Transfers</b>				
Transfers from other State Agencies				729,300
Transfers to other State Agencies				(2,519,270)
General fund reversion 2014 fiscal year				(1,741,619)
Net transfers				(3,531,589)
<b>Change in net position</b>				2,555,553
Net position, beginning of year				12,341,984
<b>Net position, end of year</b>				\$ 14,897,537

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, 2014

	General Fund	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
State Fund Investment Pool	\$ 15,601,578	\$ 13,449,237	\$ 29,050,815
Cash	60,750	-	60,750
Accounts receivable, net	29,270,066	29,125	29,299,191
Due from other funds	2,488,942	-	2,488,942
Due from other agencies	4,298,219	822,622	5,120,841
Supplies inventory	312,552	-	312,552
Other assets	462	120	582
Investments at State Investment Council	-	2,973,113	2,973,113
	<u>\$ 52,032,569</u>	<u>\$ 17,274,217</u>	<u>\$ 69,306,786</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Deficit State Fund Investment Pool	\$ 4,662,124	-	\$ 4,662,124
Accounts payable	29,448,478	2,552,119	32,000,597
Accrued payroll	1,402,476	4,033	1,406,509
Payroll taxes payable	296,370	1,710	298,080
Due to other funds	2,024,242	464,700	2,488,942
Due to other agencies	658,697	-	658,697
Due to state general fund	2,219,424	497	2,219,921
Due to federal government	876,206	90,491	966,697
Other payroll related liabilities and withholdings	1,095,553	2,896	1,098,449
Unearned revenue	244,903	-	244,903
	<u>42,928,473</u>	<u>3,116,446</u>	<u>46,044,919</u>
<b>FUND BALANCES</b>			
Non-spendable fund balance			
Inventory	312,552	-	312,552
Children's trust fund - permanent	-	7,016,164	7,016,164
Restricted			
Children's trust fund - special revenue	-	1,146,146	1,146,146
Day care fund	-	2,630,655	2,630,655
By law or grant	3,791,068	-	3,791,068
Subsequent year's expenditures by appropriation	-	3,364,806	3,364,806
Committed	5,000,476	-	5,000,476
Assigned	-	-	-
Unassigned	-	-	-
	<u>9,104,096</u>	<u>14,157,771</u>	<u>23,261,867</u>
<b>Total fund balances</b>	<u>9,104,096</u>	<u>14,157,771</u>	<u>23,261,867</u>
<b>Total liabilities and fund balances</b>	<u>\$ 52,032,569</u>	<u>\$ 17,274,217</u>	<u>\$ 69,306,786</u>

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 Position

June 30, 2014

Fund balances - total governmental funds		\$ 23,261,867
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental capital assets	\$ 5,674,949	
Less accumulated depreciation	<u>(4,045,052)</u>	1,629,897
Lawsuit litigation accrual		(3,600,000)
Compensated absences recorded in the statement of net position not recorded in the governmental funds		<u>(6,394,227)</u>
Net position of governmental activities		<u>\$ 14,897,537</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, 2014

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Federal funds	\$ 154,041,260	\$ 692,833	\$ 154,734,093
Other state funds	3,992,105	1,082,513	5,074,618
Interest and gain on investments	1,335,683	278,740	1,614,423
Total revenues	<u>159,369,048</u>	<u>2,054,086</u>	<u>161,423,134</u>
<b>EXPENDITURES</b>			
Current:			
Health and Welfare	365,222,333	14,565,394	379,787,727
Public Safety	3,147,653	-	3,147,653
Capital outlay	828,645	-	828,645
Total expenditures	<u>369,198,631</u>	<u>14,565,394</u>	<u>383,764,025</u>
Excess (deficiency) of revenues over expenditures	<u>(209,829,583)</u>	<u>(12,511,308)</u>	<u>(222,340,891)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers State General Fund Appropriations	207,554,400	11,682,600	219,237,000
Transfers Special Appropriations	6,077,400	3,260,600	9,338,000
Transfers from other State Agencies	729,300	-	729,300
Transfers to other State Agencies	(2,519,270)	-	(2,519,270)
General fund reversions	(1,741,619)	-	(1,741,619)
Total other financing sources and (uses)	<u>210,100,211</u>	<u>14,943,200</u>	<u>225,043,411</u>
Net change in fund balances	270,628	2,431,892	2,702,520
Fund balances, beginning of year	<u>8,833,468</u>	<u>11,725,879</u>	<u>20,559,347</u>
Fund balances, ending	<u>\$ 9,104,096</u>	<u>\$ 14,157,771</u>	<u>\$ 23,261,867</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 - Governmental Funds to the Statement of Activities

Year Ended June 30, 2014

Net change in fund balances - total governmental funds		\$ 2,702,520
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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	\$ 828,645		
Less current year depreciation	<u>(576,053)</u>	252,592	

Disposal of capital assets			(7,248)
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Unearned income recognized as revenue under accrual accounting		(350,000)
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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			(42,310)
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Reconciling item			<u>(1)</u>
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Change in net position of governmental activities		<u>\$ 2,555,553</u>
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The accompanying notes are an integral part of this financial statement.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Exhibit 7

Statement of Revenues and Expenditures (Budgetary Basis)  
Budget and Actual - Major Budgeted Fund

Year Ended June 30, 2014

General Fund				
	Budgeted Amounts		Actual	Variance
	Original	Adjusted		(Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 207,089,700	\$ 207,554,400	\$ 207,554,400	\$ -
Federal funds	180,268,900	188,645,783	154,041,260	(34,604,523)
Other state funds	3,636,546	3,761,546	5,327,788	1,566,242
Other financing sources	10,163,500	8,917,938	6,806,700	(2,111,238)
Total budgeted revenues	401,158,646	408,879,667	\$ 373,730,148	\$ (35,149,519)
Budgeted fund balance	1,100,000	2,695,000		
Total revenues and budget fund balance	\$ 402,258,646	\$ 411,574,667		
<b>Expenditures</b>				
	Original	Adjusted	Actual Expenditures	Variance Favorable (Unfavorable)
Personnel services	\$ 125,875,500	\$ 129,244,518	\$ 129,080,017	\$ 164,501
Contractual services	70,563,357	71,933,802	57,938,720	13,995,082
Other costs	203,085,489	207,662,047	181,229,351	26,432,696
Other financing uses	2,734,300	2,734,300	2,519,270	215,030
Total budgeted expenditures	\$ 402,258,646	\$ 411,574,667	370,767,359	\$ 40,807,308
Plus entry to increase allowance for uncollectable accounts			950,542	
Less budgetary transfers to other agencies			(2,519,270)	
Total fund financial expenditures			\$ 369,198,631	
<b>Reconciliation to GAAP basis</b>				
Total actual budget revenue			\$ 373,730,148	
Less total actual GAAP expenditures			(369,198,631)	
Less General Fund reversion			(1,741,619)	
Less transfers to other agencies			(2,519,270)	
Net change in general fund balance			\$ 270,628	

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, 2014

	Agency Funds.
<b>ASSETS</b>	
Cash	\$ 35,687
State Fund Investment Pool	661,062
Due from other agencies	68
	<hr/>
Total assets	\$ 696,817
	<hr/>
<b>LIABILITIES</b>	
Deposits held for others	\$ 696,817
Due to other funds	-
	<hr/>
Total liabilities	\$ 696,817
	<hr/>

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

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

**Notes to Financial Statements**

**June 30, 2014**

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

Notes to Financial Statements (Continued)

June 30, 2014

**NOTE 1. HISTORY AND FUNCTION**

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

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

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

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

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

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

The Children, Youth and Families Department consist of 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, 2014**

**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.
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. Community Outreach and Behavioral Health 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. The Department has no blended or discretely presented component units during the year ended June 30, 2014.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2014

**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**

The basic financial statements include both government-wide (based on the Department as a whole) and 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 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 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.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2014

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

**B. Basic Financial Statements (Continued)**

In the fund financial statements, 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 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.

The nonmajor 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, 2014

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, 2014

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. 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.

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Department considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Federal revenue is considered available if it collected within 120 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

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 2014 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 unearned revenue by the recipient.

**E. 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.

**F. 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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2014

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

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

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.

For the year ended June 30, 2014 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 2012 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 2014 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 except for the Early Childhood Care and Education Fund. The two Permanent Funds for Children's Trust Funds are not budgeted as they have no expenditure activity.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2014

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

**G. Compensated Absences**

Accrued vacation up to 240 hours is recorded in the Statement of Net Position at 100% of the employee's hourly wage. In addition, accrued sick leave over 600 and up to 720 hours less the amount classified as current is recorded in the Statement of Net Position at 50% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA). Employees exempt from coverage by FLSA earn one hour of compensatory time for each overtime hour. The accrual for compensated absences is calculated at pay rates in effect at June 30, 2014, and includes direct and incremental salary related payments, such as the employees' share of social security taxes.

**H. 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, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**I. Federal Grants Receivable (Unearned Revenue)**

Various reimbursement procedures are used for federal awards received by the Department. Consequently, timing differences between expenditures and program reimbursements can exist at any time during the fiscal year. Receivable balances at fiscal year end represent an excess of modified accrual basis expenditures over cash reimbursements received to date. Conversely, unearned 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 unearned 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 unearned revenue on its governmental fund and government wide balance sheets. Unearned 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 unearned 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.

**J. Fund Balance**

*Fund Balance.* In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable represents reserves for imprest petty cash and change funds, supplies inventory, and prepaid postage. Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. Assigned fund balance is constrained by the Legislature's and Executive Branch's intent to be used for specific purposes or in some cases by legislation. See Note 16 for additional information about fund balances.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**K. Net Position**

*Net Position.* Net position represents the difference between all other elements in a statement of net position and should be displayed in the applicable components of net investment in capital assets, restricted and unrestricted.

*Net Investment in Capital Assets.* Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. The Department does not have any debt related to capital assets.

*Restricted.* Restricted consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The Department restricts fund balance for multi-year appropriations, loans to counties and other funds restricted to specific purposes pursuant to legislation.

*Unrestricted.* Unrestricted consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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, 2014**

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

**L. 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.

**M. Capital Assets**

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays exceeding \$5,000 that significantly extend the useful life of an asset are capitalized per Section 12-6-10 NMSA 1978. Other costs incurred for repairs and maintenance are expensed as incurred.

	<u>Years</u>
Buildings	25
Land & Leas Improvements	20
Equipment	10
Furniture/Fixtures	10
Data Processing Equipment (including Software)	6
Vehicles	5

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. The Department has no infrastructure assets, such as roads, bridges, etc.

**N. 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, 2014**

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

Cash balances at financial institutions and on hand at June 30, 2014 consist of the following:

Bank account - General Fund	\$	60,000
Bank accounts - Agency Funds		35,687
Cash on hand		<u>750</u>
 Total cash balance	 \$	 <u>96,437</u>

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

General Fund balance	\$	10,939,454
Non major Government Funds balances		13,449,237
Agency Funds		<u>661,062</u>
 Net balance	 \$	 <u>25,049,753</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, 2014.

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

**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, 2014, as the bank balances indicate below.

	<u>Wells Fargo Bank</u>	<u>Bank of America</u>	<u>Washington Federal</u>
Total amount of deposits per bank	\$ 55,030	\$ 33,833	\$ 5,228
Less: FDIC Coverage	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
 Total uninsured public funds	 <u>None</u>	 <u>None</u>	 <u>None</u>

CYFD investments held by the State Investment Council at June 30, 2014 were as follows:

	<u>Permanent Children Trust</u>	<u>Permanent CTF-Next Gen</u>
Large Cap Index	\$ 249,445	\$ 249,445
Non US Developed Markets Pool	58,838	58,838
Non US Emerging Markets Pool	12,029	12,029
US Core Bonds Pool	<u>1,166,245</u>	<u>1,166,245</u>
 Total	 <u>\$ 1,486,557</u>	 <u>\$ 1,486,557</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.

**State General Fund Investment Pool**

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

In June 2012, an independent diagnostic report revealed that Pool balances had not been reconciled at a "business unit by fund" level since the inception of the Statewide Human Resources, Accounting, and Management Reporting System (SHARE) system in July 2006. This report, entitled "Current State Diagnostic of Cash Control," also described a difference between Pool bank balances and the corresponding general ledger balances and indicated that the effect of reconciling items were unknown. The report, dated June 20, 2012, is

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

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

available on the website of the New Mexico Department of Finance & Administration at: [http://www.nmdfa.state.nm.us/Cash\\_Control.aspx](http://www.nmdfa.state.nm.us/Cash_Control.aspx).

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

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

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

The Department has established daily and monthly procedures that mitigate the risk of misstatement of the Department's balances within the Pool. In addition, as required by Section 6-5-2.1 (J) NMSA 1978, DFA/FCD is to complete, on a monthly basis, reconciliation with the balances and accounts kept by the state treasurer and adopt and promulgate rules regarding reconciliation for state agencies.

**Interest in the General Fund Investment Pool**

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

At June 30, 2014 the Department had the following invested in the General Fund Investment Pool:

General Fund Investment Pool \$25,049,749.

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2014

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

**Interest in the General Fund Investment Pool (Continued)**

Credit Risk – The New Mexico State Treasurer pools are not rated. For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer’s Office for the fiscal year ended June 30, 2014.

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, 2014.

**NOTE 4. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2014 are as follows:

	<u>General Fund</u>
Federal Grants receivable *	\$ 26,181,984
Accounts receivable - overpayment of benefits	5,039,601
Other receivables	5,488,375
Less: Contractual and collectability allowances	(7,410,769)
Total accounts receivable	\$ 29,299,191

\* Balance represents amounts owed to the Department directly from Federal granting agency.

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	\$ 6,457,903
Provision for doubtful accounts	950,542
Reconciling item **	2,324
Balance, end of year	\$ 7,410,769

\*\* The prior year trial balance had a variance from the financial statements in the amount of \$2,324. This amount was needed to appropriately roll forward the allowance.

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**Notes to Financial Statements (Continued)**

**June 30, 2014**

**NOTE 5. CAPITAL ASSETS**

The Department does not have any debt related to capital assets as of June 30, 2014. The current year additions were paid from the General Fund as the expenditures from the Capital Project Fund did not meet the capitalization criteria.

	Balance			Balance
	June 30, 2013	Additions	Deletions	June 30, 2014
Governmental activities:				
Depreciable Assets:				
Buildings and structures	\$ 937,964	\$ 661,588	\$ (9,054)	1,590,498
Data processing equipment	2,233,462	259,276	(49,902)	2,442,836
Equipment and machinery	668,798	21,298	(26,154)	663,942
Furniture and fixtures	559,415	144,436	(13,739)	690,112
Vehicles	20,384	-	-	20,384
Leasehold Land Improvements	-	267,177	-	267,177
<b>Total Depreciable Assets</b>	<b>4,420,023</b>	<b>1,353,775</b>	<b>(98,849)</b>	<b>5,674,949</b>
Non-Depreciated Assets:				
Construction in Progress	525,130	-	(525,130)	-
Totals at historical cost	4,945,153	1,353,775	(623,979)	5,674,949
Less accumulated depreciation:				
Buildings and structures	420,933	50,569	(4,244)	467,258
Data processing equipment	2,066,741	389,692	(50,335)	2,406,098
Equipment and machinery	493,128	66,637	(21,646)	538,119
Furniture and fixtures	559,414	62,476	(15,376)	606,514
Vehicles	20,384	-	-	20,384
Leasehold Land Improvements	-	6,679	-	6,679
<b>Total accumulated depreciat</b>	<b>3,560,600</b>	<b>576,053</b>	<b>(91,601)</b>	<b>4,045,052</b>
<b>Capital assets, net</b>	<b>\$ 1,384,553</b>	<b>\$ 777,722</b>	<b>\$ (532,378)</b>	<b>\$ 1,629,897</b>

Depreciation expense was \$576,053 for the year ended June 30, 2014. 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, 2014

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

**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 benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for that plan. 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 <http://www.pera.state.nm.us>.

*Funding Policy.* Plan members are required to contribute from 3.83% to 16.65% (depending upon the division) of their gross salary. The Department is required to contribute from 7.0% to 25.72% (depending upon the division) of the gross covered salary. The contribution requirements of plan members and the Department are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to PERA for the fiscal years ending June 30, 2014, 2013, and 2012 were, \$14,141,045, \$12,238,084, and \$10,905,812, respectively, which equal the amount of the required contributions for each fiscal year.

**Educational Retirement Board's Pension Plan**

*Plan Description.* Some of the Department's full-time employees participate in an educational employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members 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](http://www.nmerb.org).

*Funding Policy.*

**Member Contributions**

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

**Employer Contributions**

In fiscal year 2014, the Department was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2014

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

*Funding Policy. (Continued)*

Employer Contributions (Continued)

The Department will contribute 13.15% of gross covered salary in fiscal year 2014 and 13.9% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members and the Department are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Department's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were \$296,576, \$549,420, and \$460,855, respectively, which equals the amount of the required contributions for each fiscal year.

**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.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2014

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

*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 <http://www.nmrhca.state.nm.us>.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were 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, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the Legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Department's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$2,407,514, \$3,044,214, and \$2,699,962, respectively, which equal the required contributions for each year.

**NOTE 8. BUDGETARY BASIS**

For the year ended June 30, 2014, 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, 2014.

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

**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:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Compensated absences:				
Annual leave	\$ 4,767,210	\$ 4,078,886	\$(4,054,582)	\$ 4,791,514
Compensatory leave	1,431,682	1,819,084	(1,799,939)	1,450,827
Sick leave	153,025	3,180,957	(3,182,096)	151,886
	<u>6,351,917</u>	<u>\$ 9,078,927</u>	<u>\$(9,036,617)</u>	6,394,227
Total compensated absences				
	<u>4,446,342</u>			<u>4,475,959</u>
Less current portion				
Net long-term compensated absences	<u>\$ 1,905,575</u>			<u>\$ 1,918,268</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>
2015	\$ 9,459,825	\$ 735,500
2016	9,258,853	735,500
2017	6,736,179	735,500
2018	5,861,463	735,500
2019	4,955,608	735,500
	<u>\$ 36,271,928</u>	<u>\$ 3,677,500</u>
Total		

During the period ended June 30, 2014 facilities and equipment rent expenses amounted to \$9,954,710.

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

**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 is likely to be covered by insurance (through Risk Management Division) and accordingly a loss is not recorded. There is one judgment that is not covered by Risk Management. The judgment found the Department's contemptuous conduct deprived the plaintiffs of family relationships. CYFD is currently appealing the judgment and the case is currently being heard in appellate court.

**Long-Term Litigation Liability**

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ 3,600,000	\$ -	\$ -	\$ 3,600,000

**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.

<u>Amount Due from Other Funds</u>			<u>Amount Due to Other Funds</u>		
<u>Fund Name</u>	<u>SHARE Fund No.</u>	<u>Amount</u>	<u>Fund Name</u>	<u>SHARE Fund No.</u>	<u>Amount</u>
General Fund	06700	\$ 1,250,662	FACTS	48900	\$ 1,250,662
General Fund	06700	154,808	FACTS	49100	154,808
General Fund	06700	464,700	Pre-Kindergarten	20080	464,700
JJDP/Children's Justice	84100	194,537	Rep Light	06800	194,537
FACTS	48900	306,792	General Fund	06700	306,792
FACTS	49100	84,186	FACTS	48900	84,186
FACTS	49100	33,257	General Fund	06700	33,257
<b>Total</b>		<u>\$ 2,488,942</u>			<u>\$ 2,488,942</u>

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

**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 2014 reversions are:

General Fund

	Reversion Calculation	General Fund
Fund balance SHARE funds 06700, 48900 and 49100	\$ 5,920,546	\$ 5,920,546
Special Appropriations	(2,377,930)	-
Non reverting components of fund balances	-	3,391,067
Non-spendable fund balance	(312,552)	-
Restricted by law appropriation or the grant for future years for SHARE 06700, 48900 and 49100		
-State Permanent and Land Income	(2,409,301)	-
-Annie Casey Foundation	(153,244)	-
-Client Emergency	(60,000)	-
Current Year Reversion	\$ 607,519	\$ (607,519)

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

**NOTE 13. REVERSIONS (Continued)**

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

-Calculated reversion for 2014	\$ 607,519
-Special Appropriations	<u>1,134,100</u>
Total General Fund Reversion	<u>\$ 1,741,619</u>

The balance in due to General Fund is made up of:

Calculated reversion for 2014	\$ 1,741,619
Child Care licensing fees per NMSA 24-1-5	381,338
State Dated Warrants	8,474
Facts Protective Services	6,558
Facts Child Care	40,249
Juvenile Community Corrections	753
Child Care Food	24,884
JJDP Children's Justice	15,549
Non major funds due to	<u>497</u>
Total Due to State General Fund	<u>\$ 2,219,921</u>

The balance in the General Fund due to State General Fund account is made up of

Major fund reversion	
General Operating	\$ 997,331
Facts Protective Services	6,558
Facts Child Care	1,174,349
Juvenile Community Corrections	753
Child Care Food	24,884
JJDP Children's Justice	15,549
Total Major Fund	<u>\$ 2,219,424</u>
Non Major fund reversion	
Children's Trust Fund	\$ 305
Pre-Kindergarten	192
ARRA of 2009	-
Total Non Major Funds	<u>\$ 497</u>

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

**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	\$ 1,345,207	Public Education Dept	21600	\$ 1,345,207
General Fund	06700	649,262	Human Services Dept	05200	649,262
General Fund	06700	25,840	Governors Commission	64500	25,840
General Fund	06700	2,579	State Investment Council	60100	2,579
Child Care Fund	49100	2,273,125	Human Services Dept	05200	2,273,125
Light Fund	06800	72	State Treasurer	80100	72
Children Justice	84100	<u>2,134</u>	DPS	12800	<u>2,134</u>
Total General Fund		<u>4,298,219</u>			<u>4,298,219</u>



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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

**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	\$ 2,100	MVD - Child Plate	82500	\$ 2,100
PreK Fund	20080	692,833	HSD	97500	692,833
Day Care	91100	<u>127,343</u>	DOH - Birth and Death	06100	<u>127,343</u>
Total Special Revenue		<u>822,276</u>			<u>822,276</u>
<u>Permanent Funds</u>					
Children's Non-Expend. Trust Fund	78100	306	State Treasurer	80100	306
Children's Trust Fund	94900	<u>40</u>	State Treasurer	80100	<u>40</u>
Total Permanent Fund		<u>346</u>			<u>346</u>
Total Non Major Governmental Funds		<u>822,622</u>			<u>822,622</u>
<u>Fiduciary Fund</u>					
Social Security	09600/49000	<u>68</u>	State Treasurer	80100	<u>68</u>
		<u>\$ 5,120,909</u>			<u>\$ 5,120,909</u>

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

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

**B. Due To Other State Agencies**

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

Fund Name	Amount Due to Agencies		Fund Name	Other Agencies	
	SHARE Fund No.	Amount		SHARE Fund No.	Amount
General Operating	06700	\$ 530,320	ALTSD	27000	\$ 530,320
General Operating	06700	47,224	Dept. of Finance	34100	47,224
General Operating	06700	52,147	Public Education Dept	67200	52,147
Facts Protective	48900	<u>29,006</u>	ALTSD	27000	<u>29,006</u>
Total General Fund		658,697			658,697
Capital Projects Fund	59700	<u>59,343</u>	HSD	05200	<u>59,343</u>
Total		<u>\$ 718,040</u>			<u>\$ 718,040</u>

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2014

**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 and Department of Finance and Administration.

<u>Transfers from other Agencies</u>	<u>SHARE Number</u>	<u>Amount</u>
Department of Finance and Administration-Laws 2013	34100	\$ 9,338,000
Department of Finance and Administration	34100	729,300
		<u>\$ 10,067,300</u>

<u>Transfers to other Agencies</u>	<u>SHARE Number</u>	<u>Amount</u>
Adult Long Term Services Department	62400	\$ (2,383,167)
Department of Finance and Administration/CRB	34100	(136,103)
		<u>\$ (2,519,270)</u>

**NOTE 16. GOVERNMENTAL FUND BALANCES – NONSPENDABLE, RESTRICTED AND COMMITTED**

The Department's fund balances represent: (1) Nonspendable purposes include balances that are legally or contractually required to be maintained intact; (2) Restricted Purposes, which include balances that are legally restricted for specific purposes due to constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (3) Committed Purposes, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislative and Executive branches of the State. A summary of the nature and purpose of these reserves by fund type at June 30, 2014, follows:

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

**NOTE 16. GOVERNMENTAL FUND BALANCES – NONSPENDABLE, RESTRICTED AND COMMITTED (Continued)**

Fund/Program	Restriction	Committed Purposes	Restricted Purposes	Nonspendable Purposes
<b>General Fund:</b>				
General Operating	Laws of 2013, Chapter 227, Section 7 Item 17	\$ 45,266	\$ -	\$ -
General Operating	Laws of 2013, Chapter 227, Section 7 Item 18	2,282,664	-	-
General Operating	Laws of 2014, Chapter 63, Section 5, Item 66	50,000	-	-
	The operating account of the Department. (P576, P577, P578 and P580) - subsequent year's expenditures - NMSA 19-1-17 State Permanent and Land Income; NMSA 34-15-2 and 31-12-12			
General Operating	Domestic Violence Offender Treatment	2,622,546	-	-
General Operating	Supplies Inventory	-	-	312,552
Special Appropriation Light	Donation by Representative Light when CYFD was established as a Department	-	452,320	-
Juvenile Community Corrections	NMSA-33-9A.3 - Fund used to divert juveniles from institutions and reintegrate them with society.	-	1,206,573	-
Federal Childcare Food Account	Payments to child and adult care providers for meals served to children and adults in non-residential childcare settings	-	573,642	-
JJP/Children's Justice	Account established to implement the federal Juvenile Justice and Delinquency Prevention Act and the federal Children's Justice Act.	-	1,558,533.00	-
		-	-	-
<b>Total General Fund</b>		<u>5,000,476</u>	<u>3,791,068</u>	<u>312,552</u>
<b>Fund Balance:</b>				
Children's Trust Fund	NMSA 1978 24-19-1 to 24-19-9 - contribute to Children's Trust Funds	-	871,538	-
CTF Next Generation	NMSA 1978 24-19-1 to 24-19-9 - used to account for general fund appropriations received for specific purposes.	-	274,608	-
Day Care	NMSA 24-14-29 - resources contributed to or earned by the Day Care Fund	-	2,630,655	-
Pre-Kindergarten	NMSA 32A-23-I - carry out provisions of the Pre-Kindergarten	-	2,268,585	-
Regional Juvenile Services	NMSA 32A-23-I - carry out provisions of the Juvenile Services Act	-	1,096,221	-
Permanent Children's Trust Fund	NMSA 24-19-4 and is used to account for 50% of marriage license fees collected by county clerks	-	-	5,269,077
Permanent CTF Next Gen	NMSA 1978 24-19-1 to 24-19-9 - general fund appropriations, investments and interest on investments	-	-	1,747,087
		-	-	-
<b>Total Fund Balance - Restricted / Committed for Subsequent Years' Expenditures</b>		<u>-</u>	<u>7,141,607</u>	<u>7,016,164</u>
<b>Total Fund Balance</b>		<u>\$ 5,000,476</u>	<u>\$ 10,932,675</u>	<u>\$ 7,328,716</u>

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

**Notes to Financial Statements (Continued)**

**June 30, 2014**

**NOTE 17. FUNDS HELD IN TRUST BY OTHERS**

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

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

Responsibility for the investment of the State Permanent Fund resides with the State Investment Officer.

Because the Department does not control the funds, they are not reflected in the accompanying financial statements. Income of approximately \$346,545 is recognized in the general fund as a component of other state fund revenue.

The Department has a 2/7<sup>th</sup> interest in the State Charitable, Penal and Reformatory Institutions Fund. Income of \$1,303,914 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 ACCOUNTING PRONOUNCEMENTS**

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

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Financial Statements (Continued)

June 30, 2014

NOTE 19. SUBSEQUENT ACCOUNTING PRONOUNCEMENTS (Continued)

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combination* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement will be effective for the Department in fiscal year 2015. The Department is in the process of evaluating the impact (if any) of this pronouncement on its financial statements. GASBS No. 68 will require the Department to record its proportionate share of the unfunded pension plan liabilities in the New Mexico State Retirement System and other plans. Although the amount of the liability is unknown, it is presumed to be material.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

June 30, 2014

**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:

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 1

General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

General Operating Account and Special Appropriations - Fund 06700

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ 152,999,300	\$ 153,464,000	153,464,000	\$ -
Federal funds	55,811,600	60,413,483	49,619,914	(10,793,569)
Other state funds	2,959,800	2,959,800	3,051,603	91,803
Other financing sources	8,163,500	7,540,669	5,672,600	(1,868,069)
Total revenues	219,934,200	224,377,952	<u>\$ 211,808,117</u>	<u>\$ (12,569,835)</u>
Budgeted fund balance	<u>1,100,000</u>	<u>2,695,000</u>		
Total revenues and budgeted fund balance	<u>\$ 221,034,200</u>	<u>\$ 227,072,952</u>		

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 125,706,900	\$ 129,075,918	\$ 128,935,011	\$ 140,907
Contract services	67,650,801	68,376,766	54,962,850	13,413,916
Other costs	24,162,899	26,106,668	25,183,328	923,340
Other financing uses	2,734,300	2,734,300	2,519,270	215,030
Total budgeted expenditures	<u>\$ 220,254,900</u>	<u>\$ 226,293,652</u>	211,600,459	<u>\$ 14,693,193</u>
Audit entry to decrease allowance for doubtful accounts				
Less transfers to other agencies			<u>(2,519,270)</u>	
Total GAAP expenditures			<u>\$ 209,081,189</u>	

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



STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 2

General Fund Accounts  
Schedule of Expenditures  
Budget and Actual - Budgetary Basis

Program Support - Fund 06700 P576

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable <u>(Unfavorable)</u>
Expenditures				
Personnel services & benefits	\$ 14,303,800	\$ 14,043,800	\$ 14,021,774	\$ 22,026
Contract services	12,906,300	13,552,588	12,677,380	875,208
Other costs	4,951,800	5,616,720	5,616,026	694
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 32,161,900</u>	<u>\$ 33,213,108</u>	<u>\$ 32,315,180</u>	<u>\$ 897,928</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 - Budgetary Basis

Juvenile Justice Services Division - Fund 06700 P577

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		<u>Favorable (Unfavorable)</u>
Expenditures				
Personnel services & benefits	\$ 53,766,100	\$ 55,448,600	\$ 55,440,374	\$ 8,226
Contract services	5,221,200	5,021,696	4,407,244	614,452
Other costs	6,523,900	7,442,804	7,374,780	68,024
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 65,511,200</u>	<u>\$ 67,913,100</u>	<u>\$ 67,222,398</u>	<u>\$ 690,702</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 - Budgetary Basis

Protective Services Division - Fund 06700 P578

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ 49,839,100	\$ 50,857,800	\$ 50,849,557	\$ 8,243
Contract services	21,582,400	21,237,800	19,561,924	1,675,876
Other costs	9,588,600	9,933,200	9,910,368	22,832
Other financing uses	2,734,300	2,734,300	2,519,270	215,030
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	\$ 83,744,400	\$ 84,763,100	\$ 82,841,119	\$ 1,921,981

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 - Budgetary Basis

Early Childhood Services - Fund 06700 P782

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	Variance
	<u>Original</u>	<u>Amended</u>		<u>Favorable (Unfavorable)</u>
Expenditures				
Personnel services & benefits	\$ 7,797,900	\$ 8,725,718	\$ 8,623,306	\$ 102,412
Contract services	21,422,100	22,690,361	14,600,249	8,090,112
Other costs	2,183,200	2,176,896	1,984,397	192,499
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 31,403,200</u>	<u>\$ 33,592,975</u>	<u>\$ 25,207,952</u>	<u>\$ 8,385,023</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 - Budgetary Basis

Special Appropriation - Fund 06700 Z20717

Year Ended June 30, 2014

	2013 - 2014		Current Year Actual	Variance Favorable (Unfavorable)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Other financing sources	1,200,000	1,200,000	-	(1,200,000)
<b>Total budgeted revenues</b>	<b>\$ 1,200,000</b>	<b>\$ 1,200,000</b>	<b>\$ -</b>	<b>\$ (1,200,000)</b>

	Budgeted Amounts		Current Year Actual Expenditures	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
	Expenditures			
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	1,069,114	1,069,114	730,950	338,164
Other costs	130,886	130,886	51,296	79,590
Other financing uses	-	-	-	-
<b>Total budgeted expenditures</b>	<b>\$ 1,200,000</b>	<b>\$ 1,200,000</b>	<b>\$ 782,246</b>	<b>\$ 417,754</b>

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 Expenditures  
Budget and Actual - Budgetary Basis

Special Appropriation - Fund 06700 Z30558

Year Ended June 30, 2014

	2013 - 2014		Current Year Actual	Variance Favorable (Unfavorable)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Other financing sources	<u>375,000</u>	<u>375,000</u>	-	<u>(375,000)</u>
Total budgeted revenues	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ (375,000)</u>

	Budgeted Amounts		Current Year Actual Expenditures	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
	Expenditures			
Personnel services & benefits	\$ -	\$ -	-	\$ -
Contract services	375,000	375,000	375,000	-
Other costs	-	-	-	-
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ -</u>

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 Expenditures  
Budget and Actual - Budgetary Basis

Special Appropriation - Fund 06700 Z32004

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Other financing sources	2,000,000	1,377,169	1,134,100	(243,069)
	<u>2,000,000</u>	<u>1,377,169</u>	<u>1,134,100</u>	<u>(243,069)</u>
Revenue	<u>\$ 2,000,000</u>	<u>\$ 1,377,169</u>	<u>\$ 1,134,100</u>	<u>\$ (243,069)</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures (Unfavorable)
<b>Expenditures</b>				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	2,000,000	1,355,520	1,355,520	-
Other costs	-	21,649	19,774	1,875
Other financing uses	-	-	-	-
	<u>2,000,000</u>	<u>1,377,169</u>	<u>1,375,294</u>	<u>1,875</u>
Total budgeted expenditures	<u>\$ 2,000,000</u>	<u>\$ 1,377,169</u>	<u>\$ 1,375,294</u>	<u>\$ 1,875</u>

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 9

General Fund Accounts  
Schedule of Expenditures  
Budget and Actual - Budgetary Basis

Special Appropriation - Fund 06700 Z30717

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	-	\$ -
Federal funds	-	-	\$ -	-
Other financing sources	355,000	355,000	305,000	(50,000)
	<u>355,000</u>	<u>355,000</u>	<u>305,000</u>	<u>(50,000)</u>
Revenue	<u>\$ 355,000</u>	<u>\$ 355,000</u>	<u>\$ 305,000</u>	<u>\$ (50,000)</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	355,000	355,000	309,734	45,266
Other costs	-	-	-	-
Other financing uses	-	-	-	-
	<u>355,000</u>	<u>355,000</u>	<u>309,734</u>	<u>45,266</u>
Total budgeted expenditures	<u>\$ 355,000</u>	<u>\$ 355,000</u>	<u>\$ 309,734</u>	<u>\$ 45,266</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 Expenditures  
Budget and Actual - Budgetary Basis

Special Appropriation - Fund 06700 Z30718

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Other financing sources	4,233,500	4,233,500	4,233,500	-
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue	<u>\$ 4,233,500</u>	<u>\$ 4,233,500</u>	<u>\$ 4,233,500</u>	<u>\$ -</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures
<b>Expenditures</b>				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	2,669,687	2,669,687	944,849	1,724,838
Other costs	784,513	784,513	226,687	557,826
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 3,454,200</u>	<u>\$ 3,454,200</u>	<u>\$ 1,171,536</u>	<u>\$ 2,282,664</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 Expenditures  
Budget and Actual - Budgetary Basis

Special Appropriation - Fund 06700 Z40566

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Revenues				
General fund appropriation	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Federal funds	-	-	-	-
Other financing sources	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>

	<u>Budgeted Amounts</u>		<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	50,000	50,000	-	50,000
Other costs	-	-	-	-
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</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 - Budgetary Basis

Special Appropriation - Light Account Fund 06800

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
Federal funds	\$ -	\$ -	\$ -	\$ -
Other state funds	-	-	159	159
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159</u>	<u>\$ 159</u>

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

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 13

General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

FACTS Protective Services - Fund 48900 P578

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<b>Revenues</b>				
General fund appropriation	\$ 17,994,500	\$ 17,994,500	17,994,500	\$ -
Federal funds	22,428,200	26,203,200	26,133,894	(69,306)
Other state funds	1,873,800	1,998,800	2,242,769	243,969
	42,296,500	46,196,500	\$ 46,371,163	\$ 174,663
 Budgeted fund balance	-	-		
 Total revenues and budgeted fund balance	\$ 42,296,500	\$ 46,196,500		
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>	<u>Expenditures</u>	
<b>Expenditures</b>				
Other costs	\$ 42,296,500	\$ 46,196,500	46,196,500	\$ -
 Audit entry to increase allowance for doubtful accounts			51,280	
 Total GAAP expenditures			\$ 46,247,780	

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 14

General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

FACTS Child Care Payments Account and Special Appropriation  
Fund 49100 P782 & Z32002  
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 33,290,400	\$33,290,400	\$33,290,400	\$ -
Federal funds	59,480,400	59,480,400	39,355,034	(20,125,366)
Other state funds	-	-	33,257	33,257
Other financing sources	2,000,000	1,377,269	1,134,100	(243,169)
	<u>2,000,000</u>	<u>1,377,269</u>	<u>1,134,100</u>	<u>(243,169)</u>
Revenue	<u>\$ 94,770,800</u>	<u>\$94,148,069</u>	<u>\$73,812,791</u>	<u>\$ (20,335,278)</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Expenditures</b>				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	-	-	-	-
Other costs	94,770,800	94,148,069	71,346,173	22,801,896
Other financing uses	-	-	-	-
	<u>94,770,800</u>	<u>94,148,069</u>	<u>71,346,173</u>	<u>22,801,896</u>
Total budgeted expenditures	<u>\$ 94,770,800</u>	<u>\$94,148,069</u>	<u>\$71,346,173</u>	<u>\$ 22,801,896</u>
Reversion			1,134,100	
Audit entry to increase allowance for doubtful accounts			<u>1,299,262</u>	
Total GAAP expenditures			<u>\$73,779,535</u>	

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 15

General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

FACTS Child Care Payments Account - Fund 49100 P782

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 33,290,400	\$ 33,290,400	\$ 33,290,400	\$ -
Federal funds	59,480,400	59,480,400	39,355,034	(20,125,366)
Other state funds	-	-	33,257	33,257
	<u>92,770,800</u>	<u>92,770,800</u>	<u>\$ 72,678,691</u>	<u>\$ (20,092,109)</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Expenditures</b>				
Contract services	\$ -	\$ -	\$ -	\$ -
Other costs	92,770,800	92,770,800	71,346,173	21,424,627
Other financing uses	-	-	-	-
	<u>\$ 92,770,800</u>	<u>\$ 92,770,800</u>	<u>71,346,173</u>	<u>\$ 21,424,627</u>

Reversions 1,134,100

Audit entry to increase  
allowance for doubtful accounts 1,299,262

Total GAAP expenditures \$ 73,779,535

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 16

General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

Special Appropriation - Fund 49100 Z32002

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Other financing sources	2,000,000	1,377,269	1,134,100	(243,169)
Revenue	<u>\$ 2,000,000</u>	<u>\$ 1,377,269</u>	<u>\$ 1,134,100</u>	<u>\$ (243,169)</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	-	-	-	-
Other costs	2,000,000	1,377,269	-	1,377,269
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 2,000,000</u>	<u>\$ 1,377,269</u>	<u>\$ -</u>	<u>\$ 1,377,269</u>

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 17

General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

Juvenile Community Corrections Account - Fund 83900 P577

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 2,658,600	\$ 2,658,600	\$ 2,658,600	\$ -
Other state funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted revenues	2,658,600	2,658,600	<u>\$ 2,658,600</u>	<u>\$ -</u>
Budgeted fund balance	<hr/>	<hr/>		
	-	-		
Total revenues and budgeted fund balance	<u>\$ 2,658,600</u>	<u>\$ 2,658,600</u>		

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures (Unfavorable)
<b>Expenditures</b>				
Personnel services & benefits	\$ 60,400	\$ 60,400	\$ 55,457	\$ 4,943
Contract services	2,596,100	2,596,100	2,165,583	430,517
Other costs	2,100	2,100	1,925	175
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ 2,658,600</u>	<u>\$ 2,658,600</u>	<u>\$ 2,222,965</u>	<u>\$ 435,635</u>

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



STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 18

General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

Family Nutrition-Federal Child  
Care Food Account - Fund 84000 P782

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Revenues				
Federal funds	\$ 41,197,900	\$ 41,197,900	\$ 38,054,201	\$ (3,143,699)
Other state funds	-	-	-	-
Total budgeted revenues	\$ 41,197,900	\$ 41,197,900	\$ 38,054,201	\$ (3,143,699)

	<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	-	-	-	-
Other costs	41,197,900	41,197,900	38,476,574	2,721,326
Other financing uses	-	-	-	-
Total budgeted expenditures	\$ 41,197,900	\$ 41,197,900	\$ 38,476,574	\$ 2,721,326

Audit entry to decrease allowance for doubtful accounts		(400,000)	
Total GAAP expenditures		\$ 38,076,574	

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 19

General Fund Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

Juvenile Justice & Delinquency Prevention - Fund 84100 P577

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 146,900	\$ 146,900	\$ 146,900	-
Federal funds	1,350,800	1,350,800	878,216	(472,584)
Other state funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total budgeted revenues	<u>\$ 1,497,700</u>	<u>\$ 1,497,700</u>	<u>\$ 1,025,116</u>	<u>\$ (472,584)</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures (Unfavorable)
<b>Expenditures</b>				
Personnel services & benefits	\$ 108,200	\$ 108,200	\$ 89,549	\$ 18,651
Contract services	1,299,100	1,299,100	810,287	488,813
Other costs	90,400	90,400	24,851	65,549
Other financing uses	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total budgeted expenditures	<u>\$ 1,497,700</u>	<u>\$ 1,497,700</u>	<u>\$ 924,687</u>	<u>\$ 573,013</u>

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

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

**June 30, 2014**

**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 to advocate for and educate about the prevention of child abuse and neglect.
94800	Children's Trust Fund Next Generation – This fund is created by NMSA 24-19-2 and is used to account for general fund appropriations to fund projects and programs that provide positive child and youth development activities that support physical, mental and social well-being.
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.
11520	Early Childhood Care and Education – This fund is created by NMSA 32A-23A-6 and is used to implement the State Early Childhood Care and Education Act.

**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.
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STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
Combining Balance Sheet  
Non-Major Governmental Funds

Schedule 20

June 30, 2014

	78000	94800	91100	20080	20090	89000	11520	78100	94900	59700	Total Non-Major Governmental Funds
	Children's Trust Fund	CTF Next Generation	Day Care	Pre- Kindergarten	Regional Juvenile Services	ARRA of 2009	Early Childhood Care and Education	Permanent Children's Trust Fund	Permanent CTF Next Gen	Capital Project Fund	
<b>ASSETS</b>											
State Fund Investment Pool*	649,275	12,352	2,503,312	3,677,512	1,684,710	90,268	219,759	4,029,959	522,747	59,343	13,449,237
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Due from other agencies	2,100	-	127,343	692,833	-	-	-	306	40	-	822,622
Accounts receivable, net	14,511	-	-	-	-	103	-	14,511	-	-	29,125
Other Assets	-	-	-	-	-	120	-	-	-	-	120
Investments at SIC	262,256	262,256	-	-	-	-	-	1,224,301	1,224,300	-	2,973,113
<b>Total assets</b>	<b>928,142</b>	<b>274,608</b>	<b>2,630,655</b>	<b>4,370,345</b>	<b>1,684,710</b>	<b>90,491</b>	<b>219,759</b>	<b>5,269,077</b>	<b>1,747,087</b>	<b>59,343</b>	<b>17,274,217</b>
<b>LIABILITIES AND FUND BALANCE</b>											
Deficit State Fund Investment Pool*	-	-	-	-	-	-	-	-	-	-	-
Vouchers payable and other liabilities	56,299	-	-	1,636,868	588,489	-	219,759	-	-	59,343	2,560,758
Due to other funds	-	-	-	464,700	-	-	-	-	-	-	464,700
Due to other state agencies	-	-	-	-	-	-	-	-	-	-	-
Due to state general fund	305	-	-	192	-	-	-	-	-	-	497
Due to federal government	-	-	-	-	-	90,491	-	-	-	-	90,491
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>56,604</b>	<b>-</b>	<b>-</b>	<b>2,101,760</b>	<b>588,489</b>	<b>90,491</b>	<b>219,759</b>	<b>-</b>	<b>-</b>	<b>59,343</b>	<b>3,116,446</b>
<b>FUND BALANCES</b>											
Non-spendable - permanent	-	-	-	-	-	-	-	5,269,077	1,747,087	-	7,016,164
Restricted											
Children's Trust Funds	871,538	274,608	-	-	-	-	-	-	-	-	1,146,146
Day Care fund	-	-	2,630,655	-	-	-	-	-	-	-	2,630,655
Subsequent year's expenditures	-	-	-	2,268,585	1,096,221	-	-	-	-	-	3,364,806
Committed	-	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>871,538</b>	<b>274,608</b>	<b>2,630,655</b>	<b>2,268,585</b>	<b>1,096,221</b>	<b>-</b>	<b>-</b>	<b>5,269,077</b>	<b>1,747,087</b>	<b>-</b>	<b>14,157,771</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>928,142</b>	<b>274,608</b>	<b>2,630,655</b>	<b>4,370,345</b>	<b>1,684,710</b>	<b>90,491</b>	<b>219,759</b>	<b>5,269,077</b>	<b>1,747,087</b>	<b>59,343</b>	<b>17,274,217</b>

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 21

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

Year Ended June 30, 2014

	78000	94800	91100	20080	20090	89000	11520	78100	94900	59700	
	Children's Trust Fund	CTF Next Generation	Day Care	Pre- Kindergarten	Regional Juvenile Services	ARRA of 2009	Early Childhood Care and Education	Permanent Children's Trust Fund	Permanent CTF Next Gen	Capital Project Fund	Total Non-Major Governmental Funds
<b>REVENUES</b>											
Other state funds	165,729	-	778,996	-	-	-	2,478	135,310	-	-	1,082,513
Federal revenue	-	-	-	692,833	-	-	-	-	-	-	692,833
Interest (loss) on investments	71,919	69,455	-	-	-	-	-	68,371	68,995	-	278,740
<b>Total revenues</b>	<b>237,648</b>	<b>69,455</b>	<b>778,996</b>	<b>692,833</b>	<b>-</b>	<b>-</b>	<b>2,478</b>	<b>203,681</b>	<b>68,995</b>	<b>-</b>	<b>2,054,086</b>
<b>EXPENDITURES</b>											
Current operating											
Health and welfare	272,724	-	-	12,278,100	2,012,092	-	2,478	-	-	-	14,565,394
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>272,724</b>	<b>-</b>	<b>-</b>	<b>12,278,100</b>	<b>2,012,092</b>	<b>-</b>	<b>2,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,565,394</b>
Excess (deficiency) of											
Revenues over expenditures	(35,076)	69,455	778,996	(11,585,267)	(2,012,092)	-	-	203,681	68,995	-	(12,511,308)
<b>OTHER FINANCING SOURCES AND (USES)</b>											
General fund appropriations	221,400	-	-	8,771,200	2,690,000	-	-	-	-	-	11,682,600
Special Appropriations	-	-	-	3,260,600	-	-	-	-	-	-	3,260,600
Transfer to other State Agencies	-	-	-	-	-	-	-	-	-	-	-
General fund reversions	-	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources and (uses)</b>	<b>221,400</b>	<b>-</b>	<b>-</b>	<b>12,031,800</b>	<b>2,690,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,943,200</b>
<b>Net change in fund balances</b>	<b>186,324</b>	<b>69,455</b>	<b>778,996</b>	<b>446,533</b>	<b>677,908</b>	<b>-</b>	<b>-</b>	<b>203,681</b>	<b>68,995</b>	<b>-</b>	<b>2,431,892</b>
Fund balances, beginning	685,214	205,153	1,851,659	1,822,052	418,313	-	-	5,065,396	1,678,092	-	11,725,879
<b>Fund balances, ending</b>	<b>871,538</b>	<b>274,608</b>	<b>2,630,655</b>	<b>2,268,585</b>	<b>1,096,221</b>	<b>-</b>	<b>-</b>	<b>5,269,077</b>	<b>1,747,087</b>	<b>-</b>	<b>14,157,771</b>

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 22

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

Children's Trust Fund - Fund 78000 P578

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 221,400	\$ 221,400	\$ 221,400	\$ -
Other state funds	155,400	155,400	237,648	82,248
Total revenues	376,800	376,800	<u>459,048</u>	<u>\$ 82,248</u>
 Budgeted fund balance	<u>-</u>	<u>-</u>		
Total revenues and budgeted fund balance	<u>\$ 376,800</u>	<u>\$ 376,800</u>		
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures
<b>Expenditures</b>				
Personnel services & benefits	\$ 30,100	\$ 30,100	30,100	\$ -
Contract services	319,900	319,900	217,054	102,846
Other costs	26,800	26,800	25,570	1,230
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 376,800</u>	<u>\$ 376,800</u>	<u>\$ 272,724</u>	<u>\$ 104,076</u>

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 23

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual-Budgetary Basis

CTF Next Generation - Fund 94800 P578

Year Ended June 30, 2014

	<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	-	-	69,455	69,455
Total budgeted revenues	-	-	<u>\$ 69,455</u>	<u>\$ 69,455</u>
 Budgeted fund balance	-			
 Total revenues and budgeted fund balance	<u>\$ -</u>	<u>\$ -</u>		

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

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 24

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

Day Care Fund - Fund 91100 P782

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
Revenues				
Other state funds	\$ 750,000	\$ 750,000	\$ <u>778,996</u>	\$ <u>28,996</u>
Budgeted fund balance	-	-		
Total revenues and budgeted fund balance	<u>\$ 750,000</u>	<u>\$ 750,000</u>		
	<u>Budgeted Amounts</u>	<u>Amended</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures	<u>Original</u>	<u>Amended</u>	<u>Expenditures</u>	
Other costs	\$ 750,000	\$ 750,000	\$ -	\$ 750,000
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>

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



STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 25

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual-Budgetary Basis

Public Pre-Kindergarten - Fund 20080 P782 & Z32003  
Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 9,235,900	\$ 8,771,200	\$ 8,771,200	\$ -
Federal funds	200,000	899,069	692,833	(206,236)
Other state funds	-	-	-	-
Other financing sources	<u>5,750,000</u>	<u>3,260,600</u>	<u>3,260,600</u>	<u>-</u>
Revenue	15,185,900	12,930,869	<u>\$ 12,724,633</u>	<u>\$ (206,236)</u>
Budgeted fund balance	<u>180,000</u>	<u>180,000</u>		
Total revenues and budgeted fund balance	<u>\$ 15,365,900</u>	<u>\$ 13,110,869</u>		
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures
<b>Expenditures</b>				
Personnel services & benefits	\$ 201,400	\$ 372,700	\$ 362,570	\$ 10,130
Contract services	15,124,700	12,698,369	11,883,424	814,945
Other costs	39,800	39,800	32,106	7,694
Other financing uses	-	-	-	-
Total budgeted expenditures	<u>\$ 15,365,900</u>	<u>\$ 13,110,869</u>	<u>\$ 12,278,100</u>	<u>\$ 832,769</u>

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 26

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual-Budgetary Basis

Public Pre-Kindergarten - Fund 20080 P782

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
<b>Revenues</b>				
General fund appropriation	\$ 9,235,900	\$ 8,771,200	\$ 8,771,200	\$ -
Federal funds	200,000	200,000	-	(200,000)
Other state funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted revenues	9,435,900	8,971,200	<u>\$ 8,771,200</u>	<u>\$ (200,000)</u>
 Budgeted fund balance	 <hr/>	 <hr/>		
	180,000	180,000		
 Total revenues and budgeted fund balance	 <hr/>	 <hr/>		
	<u>\$ 9,615,900</u>	<u>\$ 9,151,200</u>		
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures
<b>Expenditures</b>				
Personnel services & benefits	\$ 201,400	\$ 372,700	\$ 362,570	\$ 10,130
Contract services	9,374,700	8,738,700	7,929,991	808,709
Other costs	39,800	39,800	32,106	7,694
Other financing uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	\$ 9,615,900	\$ 9,151,200	<u>\$ 8,324,667</u>	<u>\$ 826,533</u>

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 27

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

Special Appropriation - Fund 20080 Z32003

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Favorable (Unfavorable)
Revenues				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	699,069	692,833	(6,236)
Other financing sources	5,750,000	3,260,600	3,260,600	-
	<u>5,750,000</u>	<u>3,260,600</u>	<u>3,260,600</u>	<u>-</u>
Revenue	<u>\$ 5,750,000</u>	<u>\$ 3,959,669</u>	<u>\$ 3,953,433</u>	<u>\$ (6,236)</u>

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Amended</u>		Expenditures Favorable (Unfavorable)
Expenditures				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	5,750,000	3,959,669	3,953,433	6,236
Other costs	-	-	-	-
Other financing uses	-	-	-	-
	<u>5,750,000</u>	<u>3,959,669</u>	<u>3,953,433</u>	<u>6,236</u>
Total budgeted expenditures	<u>\$ 5,750,000</u>	<u>\$ 3,959,669</u>	<u>\$ 3,953,433</u>	<u>\$ 6,236</u>

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 28

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual-Budgetary Basis

Regional Juvenile Services - Fund 20090 P577

Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<b>Revenues</b>				
General fund appropriation	\$ 2,690,000	\$ 2,690,000	\$ 2,690,000	\$ -
Federal funds	-	-	-	-
Other state funds	-	-	-	-
	2,690,000	2,690,000	\$ 2,690,000	\$ -
<b>Budgeted fund balance</b>	-	-		
<b>Total revenues and budgeted fund balance</b>	\$ 2,690,000	\$ 2,690,000		
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>	<u>Expenditures</u>	
<b>Expenditures</b>				
Personnel services & benefits	\$ -	\$ -	\$ -	\$ -
Contract services	2,690,000	2,690,000	2,012,092	677,908
Other costs	-	-	-	-
Other financing uses	-	-	-	-
	2,690,000	2,690,000	\$ 2,012,092	\$ 677,908
<b>Total budgeted expenditures</b>	\$ 2,690,000	\$ 2,690,000	\$ 2,012,092	\$ 677,908

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 29

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual-Budgetary Basis

ARRA of 2009 - Fund 89000

Year Ended June 30, 2014

	2009 - 2014		Prior Year <u>Actual</u>	Current Year <u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Budgeted Amounts</u>				
	<u>Original</u>	<u>Amended</u>			
<b>Revenues</b>					
General fund appropriation	\$ -	\$ -	\$ -	\$ -	\$ -
Federal funds	30,101,806	30,101,806	29,867,110	-	(234,696)
Other state funds	-	-	-	-	-
<b>Total budgeted revenues</b>	<b><u>\$ 30,101,806</u></b>	<b><u>\$ 30,101,806</u></b>	<b><u>\$ 29,867,110</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (234,696)</u></b>

	Budgeted Amounts		Actual <u>Expenditures</u>	Actual <u>Expenditures</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>			
	<b>Expenditures</b>				
Personnel services & benefits	\$ 257,905	\$ 257,905	\$ 257,904	\$ -	\$ 1
Contract services	6,517,222	6,517,222	6,316,953	-	200,269
Other costs	23,326,679	23,326,679	23,289,253	-	37,426
Other financing uses	-	-	-	-	-
<b>Total budgeted expenditures</b>	<b><u>\$ 30,101,806</u></b>	<b><u>\$ 30,101,806</u></b>	<b><u>\$ 29,864,110</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 237,696</u></b>

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 30

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

Early Childhood Care - Fund 11520 P782

Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
<b>Revenues</b>				
General fund appropriation	\$ -	\$ -	\$ -	\$ -
Federal funds	-	-	-	-
Other state funds	-	-	2,478	2,478
Total budgeted revenues	-	-	\$ 2,478	\$ 2,478
Budgeted fund balance		219,759		
Total revenues and budgeted fund balance	\$ -	\$ 219,759		

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Amended	Expenditures	
<b>Expenditures</b>				
Contract services	\$ -	\$ 219,759	2,478	\$ 217,281
Other costs	-	-	-	-
Other Financing Uses	-	-	-	-
Total budgeted expenditures	\$ -	\$ 219,759	\$ 2,478	\$ 217,281

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

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 31

Special Revenue Accounts  
Schedule of Revenues and Expenditures  
Budget and Actual - Budgetary Basis

Capital Project - Fund 59700

Year Ended June 30, 2014

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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Expenditures</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Amended</u>		
Expenditures				
Contract services	\$ -	\$ -	\$ -	\$ -
Other costs	-	-	-	-
Other Financing Uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total budgeted expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**SUPPLEMENTAL INFORMATION REQUIRED BY SECTION 2.2.2 NMAC**



STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 32

Schedule of General Fund Components - Balance Sheet - General Funds

June 30, 2014

	06700	06800	48900	49100	83900	84000	84100	
	General Operating	Special Appropriation - Light	FACTS Protective Services	FACTS Child Care Payments	Juvenile Community Corrections	Federal Childcare Food Account	JJDP/Children's Justice	Total General Fund
<b>ASSETS</b>								
State Fund Investment Pool *	\$ 11,216,706	\$ 891,688	\$ -	\$ -	\$ 1,517,820	\$ 553,541	\$ 1,421,823	\$ 15,601,578
Cash	60,750	-	-	-	-	-	-	60,750
Accounts receivable, net	14,111,023	-	3,115,644	7,975,217	-	3,763,099	305,083	29,270,066
Due from other funds	1,870,170	-	306,792	117,443	-	-	194,537	2,488,942
Due from other agencies	2,022,888	72	-	2,273,125	-	-	2,134	4,298,219
Supplies inventory	312,552	-	-	-	-	-	-	312,552
Other assets	462	-	-	-	-	-	-	462
<b>Total assets</b>	<b>29,594,551</b>	<b>891,760</b>	<b>3,422,436</b>	<b>10,365,785</b>	<b>1,517,820</b>	<b>4,316,640</b>	<b>1,923,577</b>	<b>52,032,569</b>
<b>LIABILITIES AND FUND BALANCE</b>								
Deficit State Fund Investment Pool *	-	-	1,902,859	2,759,265	-	-	-	4,662,124
Vouchers payable and other liabilities	21,682,440	-	-	6,276,881	310,494	3,624,634	348,428	32,242,877
Due to other funds	340,049	194,537	1,334,848	154,808	-	-	-	2,024,242
Due to other agencies	629,691	-	29,006	-	-	-	-	658,697
Due to state general fund	997,331	-	6,558	1,174,349	753	24,884	15,549	2,219,424
Due to federal government	632,012	-	149,165	482	-	93,480	1,067	876,206
Unearned revenue	-	244,903	-	-	-	-	-	244,903
<b>Total liabilities</b>	<b>24,281,523</b>	<b>439,440</b>	<b>3,422,436</b>	<b>10,365,785</b>	<b>311,247</b>	<b>3,742,998</b>	<b>365,044</b>	<b>42,928,473</b>
<b>FUND BALANCES</b>								
Nonspendable fund balance - inventory	312,552	-	-	-	-	-	-	312,552
Restricted								
By law or grant	-	452,320	-	-	1,206,573	573,642	1,558,533	3,791,068
Subsequent year's expenditures appropriations	-	-	-	-	-	-	-	-
Committed	5,000,476	-	-	-	-	-	-	5,000,476
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>5,313,028</b>	<b>452,320</b>	<b>-</b>	<b>-</b>	<b>1,206,573</b>	<b>573,642</b>	<b>1,558,533</b>	<b>9,104,096</b>
<b>Total liabilities, and deferred inflows of resources and fund balances</b>	<b>\$ 29,594,551</b>	<b>\$ 891,760</b>	<b>\$ 3,422,436</b>	<b>\$ 10,365,785</b>	<b>\$ 1,517,820</b>	<b>\$ 4,316,640</b>	<b>\$ 1,923,577</b>	<b>\$ 52,032,569</b>

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 33

Schedule of General Fund Components - Statement of Revenues, Expenditures, and Changes in Fund Balances - General Funds

Year Ended June 30, 2014

	06700	06800	48900	49100	83900	84000	84100	
	General Operating	Special Appropriation - Light	FACTS Protective Services	FACTS Child Care Payments	Juvenile Community Corrections	Federal Childcare Food Account	JJDP/Children's Justice	Total General Fund
<b>REVENUES</b>								
Federal funds	\$ 49,619,914	\$ -	\$ 26,133,894	\$ 39,355,034	\$ -	\$ 38,054,201	\$ 878,217	\$ 154,041,260
Other state funds	1,715,920	159	2,242,769	33,257	-	-	-	3,992,105
Interest	1,335,683	-	-	-	-	-	-	1,335,683
<b>Total revenues</b>	<b>52,671,517</b>	<b>159</b>	<b>28,376,663</b>	<b>39,388,291</b>	<b>-</b>	<b>38,054,201</b>	<b>878,217</b>	<b>159,369,048</b>
<b>EXPENDITURES</b>								
Current operating:								
Health and Welfare	208,252,545	-	46,247,780	72,645,434	-	38,076,574	-	365,222,333
Public Safety	-	-	-	-	2,222,965	-	924,688	3,147,653
Capital outlay	828,645	-	-	-	-	-	-	828,645
<b>Total expenditures</b>	<b>209,081,190</b>	<b>-</b>	<b>46,247,780</b>	<b>72,645,434</b>	<b>2,222,965</b>	<b>38,076,574</b>	<b>924,688</b>	<b>369,198,631</b>
Excess (deficiency) of Revenues over expenditures	(156,409,673)	159	(17,871,117)	(33,257,143)	(2,222,965)	(22,373)	(46,471)	(209,829,583)
<b>OTHER FINANCING SOURCES AND (USES)</b>								
General fund appropriations	153,464,000	-	17,994,500	33,290,400	2,658,600	-	146,900	207,554,400
Special appropriations	4,943,300	-	-	1,134,100	-	-	-	6,077,400
Transfers from other State Agencies	729,300	-	-	-	-	-	-	729,300
Transfers to other State Agencies	(2,519,270)	-	-	-	-	-	-	(2,519,270)
General fund reversions	(607,519)	-	-	(1,134,100)	-	-	-	(1,741,619)
<b>Total other financing sources and (uses)</b>	<b>156,009,811</b>	<b>-</b>	<b>17,994,500</b>	<b>33,290,400</b>	<b>2,658,600</b>	<b>-</b>	<b>146,900</b>	<b>210,100,211</b>
Net change in fund balances	(399,862)	159	123,383	33,257	435,635	(22,373)	100,429	270,628
Fund balances, beginning of year	5,712,890	452,161	(123,383)	(33,257)	770,938	596,015	1,458,104	8,833,468
<b>Fund balances, ending</b>	<b>\$ 5,313,028</b>	<b>\$ 452,320</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,206,573</b>	<b>\$ 573,642</b>	<b>\$ 1,558,533</b>	<b>\$ 9,104,096</b>

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 34

Schedule of Cash Accounts

Year Ended June 30, 2014

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, 2014
<b>General Fund:</b>									
Wells Fargo Bank	Client Emergency Misc. Expenses	General	06700	Checking	No	\$ 55,030	\$ (1,117)	\$ 6,087	\$ 60,000
N/A	Petty Cash	General	06700	Petty Cash	-	361	-	389	750
Total General Fund cash						<u>55,391</u>	<u>(1,117)</u>	<u>6,476</u>	<u>60,750</u>
<b>Fiduciary Funds:</b>									
Bank of America	YDDC - Girls' Resident Trust	Agency	99600	Checking	No	26,537	(2,416)	-	24,121
Bank of America	YDDC - Girls' Resident Activity	Agency	99600	Checking	No	7,296	(152)	22	7,166
Washington Federal	J. Paul Taylor - Resident Trust	Agency	99600	Checking	No	3,796	(792)	-	3,004
Washington Federal	J. Paul Taylor - Resident Activity	Agency	99600	Checking	No	620	-	27	647
Washington Federal	LPYC - Resident Trust	Agency	99600	Checking	No	497	(83)	10	424
Washington Federal	LPYC - Resident Activity	Agency	99600	Checking	No	315	-	10	325
Total Fiduciary Funds cash						<u>39,061</u>	<u>(3,443)</u>	<u>69</u>	<u>35,687</u>
Total Department cash						<u>\$ 94,452</u>	<u>\$ (4,560)</u>	<u>\$ 6,545</u>	<u>\$ 96,437</u>
<b>General Fund - State Treasurer (with SHARE fund numbers)</b>									
State Treasurer	General Operating	General	06700	State Treasurer	No	11,216,706	-	-	11,216,706
State Treasurer	Special Appropriation - Light	General	06800	State Treasurer	No	891,688	-	-	891,688
State Treasurer	FACTS Protective Services	General	49800	State Treasurer	No	(1,902,859)	-	-	(1,902,859)
State Treasurer	FACTS Child Care Payments	General	49100	State Treasurer	No	(2,759,265)	-	-	(2,759,265)
State Treasurer	Juvenile Community Corrections	General	83900	State Treasurer	No	1,517,820	-	-	1,517,820
State Treasurer	Federal Childcare Food	General	84000	State Treasurer	No	553,541	-	-	553,541
State Treasurer	JJDP/Children's Justice	General	84100	State Treasurer	No	1,421,823	-	-	1,421,823
State Treasurer	Children's Trust Fund	Special Revenue	78000	State Treasurer	No	649,275	-	-	649,275
State Treasurer	CTF Next Generation	Special Revenue	94800	State Treasurer	No	12,352	-	-	12,352
State Treasurer	Day Care	Special Revenue	91100	State Treasurer	No	2,503,312	-	-	2,503,312
State Treasurer	Pre-Kindergarten	Special Revenue	20080	State Treasurer	No	3,677,512	-	-	3,677,512
State Treasurer	Regional Juvenile Services	Special Revenue	20090	State Treasurer	No	1,684,710	-	-	1,684,710
State Treasurer	ARRA of 2009	Special Revenue	89000	State Treasurer	No	90,268	-	-	90,268
State Treasurer	Early Childhood Care and Ed	Special Revenue	11520	State Treasurer	No	219,759	-	-	219,759
State Treasurer	Permanent Children's Trust	Special Revenue	78100	State Treasurer	No	4,029,959	-	-	4,029,959
State Treasurer	Permanent CTF Next Gen	Special Revenue	94900	State Treasurer	No	522,747	-	-	522,747
State Treasurer	Capital Projects	Capital Projects	59700	State Treasurer	No	59,343	-	-	59,343
State Treasurer	Children's Social Security	Fiduciary	09600/49000	State Treasurer	No	661,062	-	-	661,062
Total State General Fund Investment Pool						<u>\$ 25,049,753</u>	<u>-</u>	<u>-</u>	<u>\$ 25,049,753</u>

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

Schedule 35  
1 of 8

**Schedule of Joint Powers Agreements**

**June 30, 2014**

JPA Number (FY, Agency Code, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning Dates of Agreement	Ending Dates of Agreement	Amount Agency Contributed in FY	Audit Responsibility
09-690-00-08037	San Juan county	CYFD	JJ - Juvenile Justice	7/1/2008	6/30/2015	\$525,000.00	100% CYFD
10-690-00-10048	Bernalillo County Metro Detention Center	CYFD	YF - Youth and Families Services	7/1/2009	6/30/2015	\$51,900.00	100% CYFD
10-690-9999-00-01011	University of New Mexico	CYFD	EC - Early Childhood Services YF - Youth and Families Services	7/1/2009	6/30/2014	\$330,857.00	100% CYFD
10-690-00-11384	University of New Mexico	CYFD	EC - Early Childhood Services YF - Youth and Families Services	2/3/2010	9/30/2015	\$470,218.36	100% CYFD
12-690-00-13309	Pueblo of Zuni	CYFD	PS - Protective Services	7/1/2011	6/30/2014	\$23,000.00	100% CYFD
12-690-00-13385	Navajo Nation Gallup-McKinley County Schools	CYFD	PS - Protective Services	7/1/2011	6/30/2014	\$446,277.00	100% CYFD
12-690-00-13616	University of New Mexico	CYFD	EC - Early Childhood Services	7/1/2011	6/30/2017	\$378,242.06	100% CYFD
12-690-00-13836	University of New Mexico	CYFD	EC - Early Childhood Services	7/1/2011	6/30/2015	\$27,559.50	100% CYFD
12-690-00-13850	University of New Mexico	CYFD	EC - Early Childhood Services	7/1/2011	6/30/2015	\$4,835.00	100% CYFD
12-690-00-13854	New Mexico State University	CYFD	EC - Early Childhood Services	7/1/2011	6/30/2015	\$9,670.00	100% CYFD
13-690-00-14915	University of New Mexico	CYFD	EC - Early Childhood Services	4/4/2012	6/30/2014	\$22,686.98	100% CYFD
12-690-00-14668	University of New Mexico	CYFD	EC - Early Childhood Services	4/9/2012	9/30/2014	\$149,560.96	100% CYFD
13-690-00-14804	University of New Mexico Administrative Office of the Courts	CYFD	EC - Early Childhood Services	7/1/2012	6/30/2016	\$412,330.00	100% CYFD
13-690-00-14805	University of New Mexico Administrative Office of the Courts	CYFD	PS - Protective Services	7/1/2012	6/30/2016	\$185,000.00	100% CYFD
13-690-00-14806	New Mexico State University	CYFD	PS - Protective Services	7/1/2012	6/30/2016	\$151,383.63	100% CYFD
13-690-00-14928	Torrance County	CYFD	PS - Protective Services	7/1/2012	6/30/2016	\$79,734.30	100% CYFD

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule 35  
2 of 8

Schedule of Joint Powers Agreements (Continued)

June 30, 2014

JPA Number (FY, Agency Code, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning Dates of Agreement	Ending Dates of Agreement	Amount Agency Contributed in FY	Audit Responsibility
13-690-00-14929	Luna County	CYFD	PS - Protective Services	7/1/2012	6/30/2016	\$150,735.50	100% CYFD
13-690-00-15212	Pueblo of Zuni	CYFD	PS - Protective Services	7/1/2012	6/30/2015	\$38,495.52	100% CYFD
13-690-00-15244	University of New Mexico	CYFD	EC - Early Childhood Services	7/1/2012	6/30/2016	\$1,516,642.00	100% CYFD
13-690-00-15528	New Mexico State University	CYFD	PS - Protective Services	9/24/2012	6/30/2016	\$10,000.00	100% CYFD
13-690-00-15707	Luna County	CYFD	EC - Early Childhood Services	12/3/2012	6/30/2017	\$359,081.85	100% CYFD
13-690-00-15742	Regional Education Cooperative #6	CYFD	EC - Early Childhood Services	2/1/2013	6/30/2017	\$232,577.89	100% CYFD
13-690-00-15784	City of Hobbs	CYFD	EC - Early Childhood Services	2/11/2013	6/30/2015	\$58,020.00	100% CYFD
13-690-00-15807	Region IX Education Cooperative	CYFD	EC - Early Childhood Services	2/28/2013	6/30/2014	\$500,000.00	100% CYFD
14-690-00-16311	Mckinley County	CYFD	EC - Early Childhood Services	6/27/2013	9/30/2013	\$93,221.74	100% CYFD
14-690-00-15762	Horizons of New Mexico	CYFD	IT - Information Technology	7/1/2013	6/30/2014	\$73,842.48	100% CYFD
14-690-00-15766	DOC Technology Group	CYFD	IT - Information Technology	7/1/2013	6/30/2014	\$193,489.92	100% CYFD
14-690-00-15777	Horizons of New Mexico	CYFD	IT - Information Technology	7/1/2013	6/30/2014	\$20,790.00	100% CYFD
14-690-00-15778	Horizons of New Mexico	CYFD	IT - Information Technology	7/1/2013	6/30/2014	\$25,275.00	100% CYFD
14-690-00-15815	Horizons of New Mexico	CYFD	IT - Information Technology	7/1/2013	6/30/2014	\$73,842.48	100% CYFD
14-690-00-15926	University of New Mexico	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2017	\$501,129.00	100% CYFD
14-690-00-15937	Colfax County	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2017	\$87,772.37	100% CYFD

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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Schedule of Joint Powers Agreements (Continued)

June 30, 2014

JPA Number (FY, Agency Code, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning Dates of Agreement	Ending Dates of Agreement	Amount Agency Contributed in FY	Audit Responsibility
14-690-00-15938	Torrance County	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2017	\$209,237.38	100% CYFD
14-690-00-15948	New Mexico State University	CYFD	PS - Protective Services	7/1/2013	6/30/2014	\$40,000.00	100% CYFD
14-690-00-15950	University of New Mexico	CYFD	PS - Protective Services	7/1/2013	6/30/2014	\$63,100.00	100% CYFD
14-690-00-15965	Horizons of New Mexico	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2014	\$29,794.44	100% CYFD
14-690-00-15982	University of New Mexico	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2014	\$135,000.00	100% CYFD
14-690-00-15983	UNM Hospital-Young Children Health Center (YCHC)	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2017	\$105,000.00	100% CYFD
14-690-00-15985	Administrative Office of the Courts	CYFD	PS - Protective Services	7/1/2013	6/30/2014	\$46,327.00	100% CYFD
14-690-00-15986	New Mexico State University	CYFD	PS - Protective Services	7/1/2013	6/30/2014	\$4,400.00	100% CYFD
14-690-00-15991	Horizons of New Mexico	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2014	\$15,000.00	100% CYFD
14-690-00-15992	University of New Mexico	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2017	\$75,000.00	100% CYFD
14-690-00-15993	University of New Mexico	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2017	\$1,076,346.00	100% CYFD
14-690-00-15994	Eastern New Mexico University	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2017	\$398,293.00	100% CYFD
14-690-00-15995	University of New Mexico	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2017	\$613,093.64	100% CYFD
14-690-00-15996	Western New Mexico University	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2017	\$523,233.85	100% CYFD
14-690-00-15997	University of New Mexico	CYFD	EC - Early Childhood Services	7/1/2013	6/30/2017	\$788,670.00	100% CYFD
14-690-00-16010	Rio Arriba County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2015	\$67,000.00	100% CYFD

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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Schedule of Joint Powers Agreements (Continued)

June 30, 2014

JPA Number (FY, Agency Code, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning Dates of Agreement	Ending Dates of Agreement	Amount Agency Contributed in FY	Audit Responsibility
14-690-00-16011	San Juan county	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2015	\$72,000.00	100% CYFD
14-690-00-16330	Rio Arriba County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2015	\$50,000.00	100% CYFD
14-690-00-16331	New Mexico State University	CYFD	PS - Protective Services	7/1/2013	6/30/2016	\$80,000.00	100% CYFD
14-690-00-16380	Chaves County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$206,720.00	100% CYFD
14-690-00-16382	Grant County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$46,600.00	100% CYFD
14-690-00-16383	Luna County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$60,000.00	100% CYFD
14-690-00-16384	City of Socorro	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$100,000.00	100% CYFD
14-690-00-16385	Cibola County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$125,000.00	100% CYFD
14-690-00-16386	Torrance County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$90,150.00	100% CYFD
14-690-00-16387	Valencia County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$150,000.00	100% CYFD
14-690-00-16388	Curry County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$76,000.00	100% CYFD
14-690-00-16389	City of Raton	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$69,000.00	100% CYFD
14-690-00-16391	San Miguel County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$72,800.00	100% CYFD
14-690-00-16392	Sandoval County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$358,000.00	100% CYFD
14-690-00-16393	Lea County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$90,000.00	100% CYFD
14-690-00-16398	Town of Taos	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$134,000.00	100% CYFD

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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Schedule of Joint Powers Agreements (Continued)

June 30, 2014

JPA Number (FY, Agency Code, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning Dates of Agreement	Ending Dates of Agreement	Amount Agency Contributed in FY	Audit Responsibility
14-690-00-16399	City of Las Cruces	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$297,400.00	100% CYFD
14-690-00-16401	Lincoln County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$135,000.00	100% CYFD
14-690-00-16402	Mckinley County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$152,582.00	100% CYFD
14-690-00-16403	Rio Arriba County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$144,274.00	100% CYFD
14-690-00-16404	City Of Santa Fe	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$181,000.00	100% CYFD
14-690-00-16405	Los Alamos County of	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$140,000.00	100% CYFD
14-690-00-16406	Bernalillo County	CYFD	JJ - Juvenile Justice	7/1/2013	6/30/2014	\$250,000.00	100% CYFD
14-690-00-16416	City of Albuquerque	CYFD	EC - Early Childhood Services	7/8/2013	6/30/2017	\$891,000.00	100% CYFD
14-690-00-16421	Ohkay Owingeh Board of Education	CYFD	EC - Early Childhood Services	7/8/2013	6/30/2017	\$71,000.00	100% CYFD
14-690-00-16432	Western New Mexico University	CYFD	EC - Early Childhood Services	7/8/2013	6/30/2017	\$120,000.00	100% CYFD
14-690-00-16444	Santa Fe Community College	CYFD	EC - Early Childhood Services	7/8/2013	6/30/2017	\$60,000.00	100% CYFD
14-690-00-16664	University of New Mexico	CYFD	EC - Early Childhood Services	8/26/2013	6/30/2017	\$50,000.00	100% CYFD
14-690-00-16576	University of New Mexico	CYFD	EC - Early Childhood Services	8/27/2013	6/30/2017	\$150,000.00	100% CYFD
14-690-00-16624	University of New Mexico	CYFD	EC - Early Childhood Services	9/1/2013	6/30/2017	\$313,500.00	100% CYFD
14-690-00-16632	University of New Mexico	CYFD	EC - Early Childhood Services	9/1/2013	6/30/2017	\$55,000.00	100% CYFD



STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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Schedule of Joint Powers Agreements (Continued)

June 30, 2014

JPA Number (FY, Agency Code, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning Dates of Agreement	Ending Dates of Agreement	Amount Agency Contributed in FY	Audit Responsibility
14-690-00-16636	New Mexico State University	CYFD	EC - Early Childhood Services	9/1/2013	6/30/2017	\$110,000.00	100% CYFD
14-690-00-16665	University of New Mexico	CYFD	EC - Early Childhood Services	9/1/2013	9/30/2013	\$50,000.00	100% CYFD
14-690-00-16699	University of New Mexico	CYFD	EC - Early Childhood Services	9/1/2013	6/30/2017	\$16,500.00	100% CYFD
14-690-00-16700	University of New Mexico	CYFD	EC - Early Childhood Services	9/1/2013	6/30/2017	\$250,000.00	100% CYFD
14-690-00-16657	University of New Mexico	CYFD	EC - Early Childhood Services	9/2/2013	9/30/2014	\$185,447.74	100% CYFD
14-690-00-16658	Office of the State Auditor	CYFD	AS - Administrative Services	9/2/2013	9/2/2014	\$54,274.00	100% CYFD
14-690-00-16754	Region IX Education Cooperative	CYFD	EC - Early Childhood Services	10/1/2013	6/30/2014	\$30,080.03	100% CYFD
14-690-00-16755	Region IX Education Cooperative	CYFD	EC - Early Childhood Services	10/1/2013	9/30/2016	\$410,126.28	100% CYFD
14-690-00-16767	University of New Mexico	CYFD	EC - Early Childhood Services	10/1/2013	6/30/2017	\$603,534.19	100% CYFD
14-690-00-16770	New Mexico School for the Deaf	CYFD	EC - Early Childhood Services	10/1/2013	6/30/2014	\$125,000.00	100% CYFD
14-690-00-16772	Region IX Education Cooperative	CYFD	EC - Early Childhood Services	10/7/2013	6/30/2017	\$268,834.00	100% CYFD
14-690-00-16779	New Mexico State University	CYFD	JJ - Juvenile Justice	10/7/2013	12/31/2014	\$4,429.41	100% CYFD
14-690-00-16780	Sandoval County	CYFD	JJ - Juvenile Justice	10/7/2013	12/31/2014	\$16,369.77	100% CYFD
14-690-00-16782	Los Alamos County of	CYFD	JJ - Juvenile Justice	10/7/2013	12/31/2014	\$0.00	100% CYFD
14-690-00-16783	Curry County	CYFD	JJ - Juvenile Justice	10/7/2013	12/31/2014	\$0.00	100% CYFD
14-690-00-16784	Rio Arriba County	CYFD	JJ - Juvenile Justice	10/7/2013	12/31/2014	\$0.00	100% CYFD

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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Schedule of Joint Powers Agreements (Continued)

June 30, 2014

JPA Number (FY, Agency Code, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning Dates of Agreement	Ending Dates of Agreement	Amount Agency Contributed in FY	Audit Responsibility
14-690-00-16787	Santa Fe Public Schools	CYFD	JJ - Juvenile Justice	10/7/2013	12/31/2014	\$0.00	100% CYFD
14-690-00-16789	University of New Mexico	CYFD	EC - Early Childhood Services	10/7/2013	6/30/2014	\$8,000.00	100% CYFD
14-690-00-16817	Horizons of New Mexico Region IX Education Cooperative	CYFD	IT - Information Technology	11/1/2013	6/30/2014	\$28,816.81	100% CYFD
14-690-00-16840	Cooperative	CYFD	EC - Early Childhood Services	11/29/2013	6/30/2017	\$66,265.24	100% CYFD
14-690-00-16911	Laguna Pueblo University of California at San Francisco	CYFD	EC - Early Childhood Services	12/9/2013	6/30/2017	\$0.00	100% CYFD
14-690-00-16893	University of California at San Francisco	CYFD	EC - Early Childhood Services	12/16/2013	9/30/2014	\$78,750.00	100% CYFD
14-690-00-16948	New Mexico State University San Juan college - Family Resource Center	CYFD	PS - Protective Services	1/16/2014	6/30/2014	\$0.00	100% CYFD
14-690-00-17011	Western New Mexico University	CYFD	EC - Early Childhood Services	2/17/2014	6/30/2014	\$25,986.87	100% CYFD
14-690-00-17012	University	CYFD	EC - Early Childhood Services	2/17/2014	6/30/2014	\$1,972.00	100% CYFD
14-690-00-17018	University of New Mexico	CYFD	EC - Early Childhood Services	2/21/2014	6/30/2014	\$24,990.00	100% CYFD
14-690-00-17079	Mckinley County	CYFD	JJ - Juvenile Justice	3/17/2014	6/30/2015	\$55,000.00	100% CYFD
14-690-00-17064	University of New Mexico	CYFD	EC - Early Childhood Services	3/24/2014	6/30/2017	\$422,400.00	100% CYFD
14-690-00-17166	University of New Mexico	CYFD	EC - Early Childhood Services	3/28/2014	9/30/2016	\$624,000.00	100% CYFD
14-690-00-17167	University of New Mexico	CYFD	EC - Early Childhood Services	3/28/2014	9/30/2016	\$103,440.00	100% CYFD
14-690-00-17168	University of New Mexico Region IX Education Cooperative	CYFD	EC - Early Childhood Services	3/28/2014	9/30/2016	\$55,175.00	100% CYFD
14-690-00-17301	Cooperative	CYFD	EC - Early Childhood Services	4/30/2014	6/30/2017	\$352,000.00	100% CYFD

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

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Schedule of Joint Powers Agreements (Continued)

June 30, 2014

JPA Number (FY, Agency Code, Division Number)	Primary Party Secondary Party	Responsible Party	Description of Services	Beginning Dates of Agreement	Ending Dates of Agreement	Amount Agency Contributed in FY	Audit Responsibility
14-690-00-17097	Region IX Education Cooperative	CYFD	EC - Early Childhood Services	6/17/2014	6/30/2014	\$219,758.52	100% CYFD
14-690-00-16708	University of New Mexico	CYFD	EC - Early Childhood Services	8/25/2013	6/30/2017	\$1,752,533.50	100% CYFD
14-690-00-16753	University of New Mexico	CYFD	EC - Early Childhood Services	9/10/2013	6/30/2017	\$141,114.52	100% CYFD
14-630-9000-0004	NM Human Services Department - CYFD	HSD	TANF - Child Care Program	07/01/13	06/30/14	(27,277,500.00)	100% HSD
14-630-7903-0010	NM Human Services Department - CYFD	HSD	Children's Mental Health Block Grant	07/01/13	06/30/16	(354,395.30)	100% HSD
14-630-7903-0006	NM Human Services Department - CYFD	HSD	Domestic Violence	07/01/13	06/30/16	(79,430.00)	100% HSD
95-17	NM Human Services Department - CYFD	HSD	Title XIX Medicaid	08/12/94	Indefinite	(1,434,744.99)	100% HSD
14-924-00230	NM Public Education Department - CYFD	PED	Race to the Top/Early Learning Challenge	01/01/13	12/31/16	(2,569,609.29)	100% PED
14-924-00020	NM Public Education Department - CYFD	PED	Carl Perkins	07/31/13	05/31/14	(5,722.93)	100% PED
N/A	CYFD - Department of Finance and Administration	CYFD	Citizen's Review Board	07/01/93	Indefinite	136,102.86	100% CYFD
11-690-3000-0029	CYFD - NM Aging and Long- Term Services Department	CYFD	Adult Protective Services	05/17/13	Indefinite	2,321,892.74	100% CYFD

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Agency Funds

June 30, 2014

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 36

Schedule of Changes in Assets and Liabilities - Agency Funds

Year Ended June 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>Resident Agency Accounts</u>				
<u>Assets</u>				
Cash	\$ 34,560	\$ 11,437	\$ 10,310	\$ 35,687
<u>Liabilities</u>				
Deposits held for others	\$ 34,560	\$ 11,437	\$ 10,310	\$ 35,687
 <u>Children's Social Security Agency Funds</u>				
<u>Assets</u>				
State Fund Investment Pool	\$ 712,974	2,518,897	\$ 2,570,809	\$ 661,062
Due from other agencies	157	226	315	68
Total Assets	\$ 713,131	\$ 2,519,123	\$ 2,571,124	\$ 661,130
<u>Liabilities</u>				
Deposits held for others	\$ 679,284	\$ 2,843,732	\$ 2,861,886	\$ 661,130
Due to other funds	33,847		33,847	-
Total Liabilities	\$ 713,131	\$ 2,843,732	\$ 2,895,733	\$ 661,130
 <u>Combined Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 34,560	\$ 11,437	\$ 10,310	\$ 35,687
State Fund Investment Pool	712,974	2,518,897	2,570,809	661,062
Due from other agencies	157	226	315	68
Total assets	\$ 747,691	\$ 2,530,560	\$ 2,581,434	\$ 696,817
<u>Liabilities</u>				
Deposits held for others	\$ 713,844	\$ 2,855,169	\$ 2,872,196	\$ 696,817
Due to other funds	33,847	-	33,847	-
Total Liabilities	\$ 747,691	\$ 2,855,169	\$ 2,906,043	\$ 696,817

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

SCHEDULE OF SPECIAL APPROPRIATIONS

Year Ended June 30, 2014

Special Appropriation	Z-Code	Amount Appropriated	Adjusted Budget	Actual Cash Received 6/30/2014	Due To/From HSD TANE	Amount Received Prior Year 6/30/2013	Expenditures 6/30/2014	Expenditures Prior Year	Amount Reappropriated	Amount Due From Other State Agencies	Appropriation Balance as of 06/30/14	Balance for Subsequent Exp. 06/30/15	Program Area	
Laws of 2012, 2nd Session, Chapter 19, Section 7 Item (17) To develop and implement the client management component of the enterprise provider information constituents services system	Z20717	\$ 1,200,000		\$ -		\$ 1,200,000	\$ 782,246	\$ 417,050		\$ 68,063	\$ 703	\$ -	P576	reverts in 2014
Laws of 2013, Chapter 227, Section 5, Item 58 To provide technical and capacity - building assistance in high-risk home visiting investment zones	Z30558	\$ 375,000		\$ -		\$ 375,000	\$ 375,000	\$ -		\$ -	\$ -	\$ -	P782	reverts in 2014
Laws of 2013, Chapter 228, Section 2, item A-3 Tobacco Settlement Program Fund Special Appropriation for Home Visiting Program	Z32004	\$ 2,000,000	\$ 1,377,169	\$ 1,134,100	\$ 241,194	\$ -	\$ 1,375,294	\$ -	\$ -	\$ -	\$ -	\$ -	P782	reverts in 2014
Laws of 2013, Chapter 228, Section 2, Item A-2 Tobacco Settlement Program Fund Special Appropriation for Pre-K Services	Z32003	\$ 5,750,000	\$ 3,959,669	\$ 3,260,600	699,065.51	\$ -	\$ 3,953,433	\$ -	\$ -	\$ -	\$ 6,233	\$ -	P782	reverts in 2014
Laws of 2013, Chapter 228, Section 2, Item A-1 Tobacco Settlement Program Fund Special Appropriation for Child Care Provider Rates	Z32002	\$ 2,000,000	\$ 1,377,269	\$ 1,134,100		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,134,100	\$ -	P782	reverts in 2014
Laws of 2013, Chapter 227, Section 7, Item 17 To implement the accounts receivable module of the statewide human resources, accounting and management reporting system	Z30717	\$ 355,000		\$ 305,000		\$ -	\$ 109,734	\$ -	\$ (4,734)	\$ -	\$ 45,266	\$ 45,266	P576	reverts in 2015
Laws of 2013, Chapter 227, Section 7, Item 18 To develop and implement the service management component of the enterprise provider information constituent service system	Z30718	\$ 3,454,200		\$ 3,454,200		\$ -	\$ 1,171,536	\$ -	\$ 2,282,664	\$ -	\$ 2,282,664	\$ 2,282,664	P576	reverts in 2015
Laws of 2014, Chapter 63, Section 5, Item 66 For temporary care and housing of animals of victims of domestic violence	Z40566	\$ 50,000		\$ 50,000		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	P578	reverts in 2015
		<u>\$ 15,184,200</u>		<u>\$ 9,338,000</u>	<u>\$ 940,250</u>	<u>\$ 1,575,000</u>	<u>\$ 7,967,243</u>	<u>\$ 417,050</u>	<u>\$ 2,277,930</u>	<u>\$ 68,063</u>	<u>\$ 3,518,966</u>	<u>\$ 2,377,930</u>		

**SINGLE AUDIT INFORMATION**

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2014

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Unearned) Revenue at 6/30/2013	Federal Revenue	Federal Expenditures	Accrued or (Unearned) Revenue at 6/30/2014
U.S. Department of Agriculture Direct Programs					
Child Care Food Program 10	10.558	\$ (5,651)	\$ 5,651	\$ -	\$ -
Child Care Food Program 11	10.558	(6,019)	6,019	-	-
Child Care Food Program 12	10.558	(6,501)	6,683	80,136	80,318
Child Care Food Program 13	10.558	2,738,191	(10,638,589)	7,820,026	(80,372)
Child Care Food Program 14	10.558	-	(22,278,989)	24,950,581	2,671,592
Summer Food Service Program 08	10.559 *	4,328	-	-	4,328
Summer Food Service Program 10	10.559 *	(115)	115	-	-
Summer Food Service Program 11	10.559 *	(3,680)	3,680	-	-
Summer Food Service Program 12	10.559 *	(821)	821	-	-
Summer Food Service Program 13	10.559 *	1,148,011	(3,792,825)	2,631,706	(13,108)
Summer Food Service Program 14	10.559 *	-	(2,550,268)	3,706,576	1,156,308
State Administrative Expense 13	10.561	341,749	(726,273)	384,524	-
State Administrative Expense 14	10.561	-	(73,179)	269,821	196,642
Subtotal		4,209,492	(40,037,154)	39,843,370	4,015,708
U.S. Department of Agriculture Passed through NM Department of Education					
National School Lunch - YDDC 12-13	10.555 *	45,140	(45,140)	-	-
National School Lunch - JPTC 12-13	10.555 *	12,615	(12,615)	-	-
National School Lunch - YDDC 13-14	10.555 *	-	(274,087)	299,641	25,554
National School Lunch - JPTC 13-14	10.555 *	-	(73,435)	79,425	5,990
National School Lunch - LPYC 13-14	10.555 *	-	(8,923)	11,996	3,073
Subtotal		57,755	(414,200)	391,062	34,617
* These programs are part of the Child Nutrition Cluster					
Total Department of Agriculture		4,267,247	(40,451,354)	40,234,432	4,050,325



STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

For the Year Ended June 30, 2014

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Unearned) Revenue at 6/30/2013	Federal Revenue	Federal Expenditures	Accrued or (Unearned) Revenue at 6/30/2014
U.S. Department of Health and Human Services Direct Programs					
Children's Justice FY11	93.643	\$ 86,560	\$ (91,378)	\$ 4,818	\$ -
Children's Justice FY12	93.643	-	(55,144)	136,900	81,756
Children's Justice FY13	93.643	-	-	-	-
Headstart Collaboration Grant 12	93.600	47,615	(47,032)	(583)	-
Headstart Collaboration Grant 13	93.600	-	(63,669)	118,413	54,744
Child Care Developmental Funds Grant 09 - ARRA	93.713	(90,182)	-	-	(90,182)
Child Care Developmental Funds Grant 13	93.596	(2,273,675)	(3,302,552)	9,152,454	3,576,227
Child Care Developmental Funds Grant 14	93.596	-	(5,041,539)	11,410,004	6,368,465
Family Preservation and Family Support 12	93.556	1,255,968	(1,870,917)	614,949	-
Family Preservation and Family Support 13	93.556	-	(993,830)	1,867,327	873,497
Family Preservation and Family Support 14	93.556	-	-	-	-
Promoting Safe and Stable Families (caseworker visits) 12	93.556	78,362	(104,450)	26,088	-
Promoting Safe and Stable Families (caseworker visits) 13	93.556	-	(95,498)	159,307	63,809
Promoting Safe and Stable Families (caseworker visits) 14	93.556	-	-	-	-
Child Abuse and Neglect (CAN) Part I 09	93.669	23,645	(23,645)	-	-
Child Abuse and Neglect (CAN) Part I 10	93.669	104,009	(208,889)	104,880	-
Child Abuse and Neglect (CAN) Part I 11	93.669	-	(21,705)	143,217	121,512
Child Abuse and Neglect (CAN) Part I 12	93.669	-	-	-	-
Child Abuse and Neglect (CAN) Part I 13	93.669	-	-	-	-
Child Abuse and Neglect (CAN) Part I 14	93.669	-	-	-	-
CAPTA-Community Based Family Resource Program 08	93.590	263,024	(339,794)	76,770	-
CAPTA-Community Based Family Resource Program 11	93.590	-	(217,334)	217,334	-
CAPTA-Community Based Family Resource Program 12	93.590	-	(126,632)	307,341	180,709
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	(361)	-	-	(361)
Title IV-E Foster Care 11	93.658	(527,682)	527,682	-	-

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
For the Year Ended June 30, 2014

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Unearned) Revenue at 6/30/2013	Federal Revenue	Federal Expenditures	Accrued or (Unearned) Revenue at 6/30/2014
Title IV-E Foster Care 11 ARRA1	93.658	\$ (309)	\$ -	\$ -	\$ (309)
Title IV-E Foster Care 13	93.658	5,112,734	(7,637,908)	3,536,328	1,011,154
Title IV-E Foster Care 14	93.658	-	(11,980,047)	14,591,514	2,611,467
Title IV-E Adoptions 03	93.659	(154,318)	-	-	(154,318)
Title IV-E Adoptions 04	93.659	(81,474)	-	-	(81,474)
Title IV-E Adoptions 05	93.659	139,040	-	-	139,040
Title IV-E Adoptions 08	93.659	2,135	-	-	2,135
Title IV-E Adoptions 09 ARRA	93.659	(2,668)	2,771	-	103
Title IV-E Adoptions 11	93.659	(279,184)	-	-	(279,184)
Title IV-E Adoptions 13	93.659	3,221,605	(6,465,332)	3,347,496	103,769
Title IV-E Adoptions 14	93.659	-	(14,028,928)	15,412,794	1,383,866
Title IV-B CWS 13	93.645	156,390	(537,392)	381,002	-
Title IV-B CWS 14	93.645	-	(769,143)	1,160,612	391,469
Title IV-E Independent Living 11	93.674	(110)	-	(187)	(297)
Title IV-E Independent Living 12	93.674	156,430	(328,590)	172,160	-
Title IV-E Independent Living 13	93.674	-	(222,934)	372,528	149,594
Title IV-E Independent Living 14	93.674	-	-	-	-
Education and Training Voucher Program 11	93.599	(107)	108	(1)	-
Education and Training Voucher Program 12	93.599	25,429	(48,823)	23,395	1
Education and Training Voucher Program 13	93.599	-	(105,779)	127,583	21,804
Education and Training Voucher Program 14	93.599	-	-	-	-
Family Violence Prevention 12	93.671	39,871	(917,344)	877,473	-
Family Violence Prevention 13	93.671	-	(61,502)	83,757	22,255
Family Violence Prevention 14	93.671	-	-	-	-
Title XX SOSR 13	93.667	648,345	(5,770,632)	5,122,287	-
Title XX SOSR 14	93.667	-	(6,402,410)	7,109,426	707,016
Adoption Incentive Payment Program 11	93.557	237,654	(291,844)	54,190	-
Adoption Incentive Payment Program 12	93.557	-	(426)	52,654	52,228
Access & Visitation Program 12	93.597	33,102	(36,946)	3,845	1
Access & Visitation Program 13	93.597	-	(64,329)	96,155	31,826
Access & Visitation Program 14	93.597	-	-	-	-

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
For the Year Ended June 30, 2014

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Unearned) Revenue at 6/30/2013	Federal Revenue	Federal Expenditures	Accrued or (Unearned) Revenue at 6/30/2014
Families and Organizations Collaborating for a United System (FOCU	93.104	\$ 891,498	\$ (1,274,749)	\$ 383,251	\$ -
Families and Organizations Collaborating for a United System (FOCU	93.104	-	(591,171)	922,454	331,283
Behavioral Health System Transformation Grant (carryover year 4)	93.243	97,607	-	-	97,607
Behavioral Health System Transformation Grant (year 5)	93.243	303,450	-	-	303,450
Diligent Recruitment Grant (Adoption Opportunities) '13	93.652	160,725	(267,482)	106,757	-
Diligent Recruitment Grant (Adoption Opportunities) '14	93.652	-	(109,848)	231,711	121,863
Federal Home Visiting Competitive 2011 (year 1)	93.505	980,349	(696,724)	(283,625)	-
Federal Home Visiting Competitive 2012 (year 2)	93.505	-	(502,606)	1,272,971	770,365
Federal Home Visiting Competitive 2013 (year 1)	93.505	-	-	-	-
Federal Home Visiting Formula 2011 (year 1)	93.505	661,867	(786,583)	97,015	(27,701)
Federal Home Visiting Formula 2012 (year 2)	93.505	-	(372,297)	896,618	524,321
Federal Home Visiting Formula 2013 (year 1)	93.505	-	-	-	-
Early Childhood Advisory Council ARRA	93.708	281,546	(281,546)	-	-
Subtotal		12,990,771	(72,620,938)	80,491,382	20,861,215
U.S. Department of Health and Human Services Passed Through NM Human Services Department					
Child Care Development Funds (TANF) 13	93.596	1,981,458	(8,800,833)	6,819,375	-
Child Care Development Funds (TANF) 14	93.596	-	(18,185,000)	20,458,125	2,273,125
Pre-K TANF 14	93.XXX	-	-	692,833	692,833
Homevisiting TANF 14	93.XXX	-	-	241,194	241,194
Subtotal		1,981,458	(26,985,833)	28,211,527	3,207,152
Total Department of Health and Human Services		14,972,229	(99,606,771)	108,702,909	24,068,367

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
For the Year Ended June 30, 2014

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Unearned) Revenue at 6/30/2013	Federal Revenue	Federal Expenditures	Accrued or (Unearned) Revenue at 6/30/2014
U.S. Department of Justice Direct Programs					
Juvenile Accountability Incentive Block Grant 10	16.523	\$ -	\$ (6,186)	\$ 6,186	\$ -
Juvenile Accountability Incentive Block Grant 11	16.523	(359,961)	(287)	334,236	(26,012)
Juvenile Accountability Incentive Block Grant 12	16.523	-	(218,891)	-	(218,891)
Juvenile Accountability Incentive Block Grant 13	16.523	-	-	-	-
JJDP Formula Grant 11	16.540	400,628	(430,888)	30,259	(1)
JJDP Formula Grant 12	16.540	-	(153,179)	393,430	240,251
JJDP Formula Grant 13	16.540	-	-	-	-
JJDP - Title V 10	16.540	20,500	(20,500)	-	-
JJDP - Title V 11	16.540	-	-	-	-
Enforcing the Underage Drinking Laws Block Grant 08	16.727	(1,067)	-	-	(1,067)
Enforcing the Underage Drinking Laws Block Grant 10	16.727	256,508	(296,055)	39,547	-
Enforcing the Underage Drinking Laws Block Grant 11	16.727	-	(9,454)	74,558	65,104
Juvenile Mental Health Co-Occurring Disorder 12	16.745	23,649	(53,868)	64,291	34,072
Total Department of Justice		<u>340,257</u>	<u>(1,189,308)</u>	<u>942,507</u>	<u>93,456</u>
U.S. Department of Education Passed through NM Department of Education					
Race To The Top Early Learning Challenge Grant	84.412A	6,223	(866,927)	3,167,009	2,306,305
Title I 08	84.013	87,252	-	-	87,252
Title I 09	84.013	85,649	-	-	85,649
Title I 10	84.013	46,993	-	-	46,993
Title I 11	84.013	5,189	-	-	5,189
Title I 12	84.013	8,867	-	-	8,867
Title II 11	84.XXX	1,150	-	-	1,150
Special Ed Idea B 07	84.XXX	309,278	-	-	309,278
Special Ed Idea B 08	84.XXX	(30,489)	-	-	(30,489)

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
For the Year Ended June 30, 2014

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Accrued or (Unearned) Revenue at 6/30/2013	Federal Revenue	Federal Expenditures	Accrued or (Unearned) Revenue at 6/30/2014
Special Ed Idea B 09	84.XXX	\$ 10,949	\$ -	\$ -	\$ 10,949
Special Ed Idea B 10	84.XXX	48,536	-	-	48,536
Special Ed Idea B 11	84.XXX	42,544	-	-	42,544
Carl Perkins 10	84.XXX	4,961	-	-	4,961
Carl Perkins 13	84.XXX	8,083	(8,083)	-	-
Carl Perkins 14	84.XXX	-	(5,723)	5,723	-
Teacher Mentoring Program FY10	84.XXX	350	-	-	350
State Directed Activity Allocation FY11	84.XXX	(585)	-	-	(585)
Subtotal		634,950	(880,733)	3,172,732	2,926,949
Total Department of Education		634,950	(880,733)	3,172,732	2,926,949
Commission for National & Community Service					
Americorps Administration 10	94.003	590	(591)	1	-
Americorps Administration 13	94.003	35,901	(35,901)	-	-
Americorps Competitive 12	94.006	573,762	(573,762)	-	-
Americorps Formula 12	94.006	487,742	(487,743)	1	-
Americorps Fixed 12	94.006	42,242	(42,242)	-	-
Total Commission for National & Community Service		1,140,237	(1,140,239)	2	-
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>		<b>\$21,354,920</b>	<b>\$(143,268,405)</b>	<b>\$ 153,052,582</b>	<b>\$ 31,139,097</b>

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

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

**Year Ended June 30, 2014**

**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. Credit balances in federal expenditures represent correction to federal revenue.

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 Exhibit 5	\$ 154,734,093
Less: Federal revenue earned through vendor relationship	(1,675,327)
Less: Federal revenue recognized in prior year	<u>(6,184)</u>
Total FY14 federal expenditures per schedule	<u>\$ 153,052,582</u>

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Notes to Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2014

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	\$ 32,346,038.62
Summer Food Program	U.S. Department of Agriculture	10.559	\$ 6,009,168.06
Juvenile Accountability Block Grant (JABG)	U.S. Department of Justice	16.523	\$ 322,423.90
JJDP Formula Grant	U.S. Department of Justice	16.540	\$ 367,573.32
Title V	U.S. Department of Justice	16.540	\$ -
Enforcing the Underage Drinking Laws Block Grant	U.S. Department of Justice	16.727	\$ 108,654.47
Juvenile Mental Health Co-Occurring Disorder	U.S. Department of Justice	16.745	\$ 64,292.14
Race to the Top Early Learning Challenge	U.S. Department of Education	84.412A	\$ 1,323,674.09
Families and Organizations Collaborating for a United System (FOCUS)	U.S. Department of Health and Human Services	93.104	\$ 1,059,499.60
Federal Home Visiting	U.S. Department of Health and Human Services	93.505	\$ 2,241,941.43
Promoting Safe and Stable Families	U.S. Department of Health and Human Services	93.556	\$ 1,902,136.91
CAPTA-Community Based Family Resource Program	U.S. Department of Health and Human Services	93.590	\$ 599,777.29
Child Care and Development Block Grant	U.S. Department of Health and Human Services	93.596	\$ 2,037,732.93
Access & Visitation Program	U.S. Department of Health and Human Services	93.597	\$ 100,000.00
Managed Mental Health Block Grant	NM Human Services Department	93.598	\$ 354,395.30
Education and Training Voucher Program	U.S. Department of Health and Human Services	93.599	\$ 131,549.48
Head start Collaboration Grant	U.S. Department of Health and Human Services	93.600	\$ 38,080.03
Adoption Incentive Payment Program	U.S. Department of Health and Human Services	93.603	\$ 73,321.30
Children's Justice	U.S. Department of Health and Human Services	93.643	\$ 130,831.93
Diligent Recruitment Grant	U.S. Department of Health and Human Services	93.652	\$ 338,468.08
Title IV-E Foster Care	U.S. Department of Health and Human Services	93.658	\$ 3,062,992.91
Title XX SOSR	U.S. Department of Health and Human Services	93.667	\$ 387,959.68
Child Abuse and Neglect (CAN) Part I	U.S. Department of Health and Human Services	93.669	\$ 55,112.18
Family Violence Prevention	U.S. Department of Health and Human Services	93.671	\$ 959,381.75
Title IV-E Independent Living	U.S. Department of Health and Human Services	93.674	\$ 191,088.75
			<u>\$ 54,206,094.15</u>



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

Yolanda Berumen-Deines, Secretary  
and Mr. Hector H. Balderas, New Mexico State Auditor  
NM Children, Youth and Families Department  
Santa Fe, New Mexico

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

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2007-001 and 2008-002 which we consider to be significant deficiencies.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-001, 2014-001, 2014-002, and 2014-003.

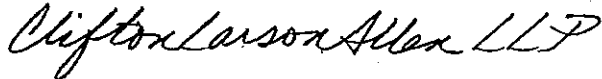
### **The Department's Response to Findings**

The Department's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

**CliftonLarsonAllen LLP**



Albuquerque, New Mexico  
December 15, 2014



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

Yolanda Berumen-Deines, Secretary  
and Mr. Hector H. Balderas, New Mexico State Auditor  
NM Children, Youth and Families Department  
Santa Fe, New Mexico

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

***Opinion on Each Major Federal Program***

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2012-003. Our opinion on each major federal program is not modified with respect to these matters.

The Department's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Finding and Questioned Costs. The Department's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2012-003, that we consider to be a significant deficiency.

The Department's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Department's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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Albuquerque, New Mexico  
December 15, 2014

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

**Schedule of Findings and Questioned Costs**

Year Ended June 30, 2014

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  no

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiencies identified that are not considered to be material weakness(es)?  yes  no

Type of auditor's report issued on compliance for major program: Unmodified

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

Identification of major programs:

CFDA Numbers

10.555/559  
10.555  
10.559  
10.558  
84.412A  
93.596  
93.667  
93.658  
93.659

Name of Federal Program

Child Nutrition Cluster:  
National School Lunch Program  
Summer Food Service Program  
Child Care Food Program  
Race to the Top Education Challenge  
Child Care Development Funds  
Title XX Social Services Block Grant  
Title IV – E Foster Care Entitlement  
Title IV-E Adoptions Entitlement

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

Auditee qualified as low-risk auditee?  yes  no

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

FINDINGS – FINANCIAL STATEMENT AUDIT

**2007-001 Computer Conversion and Reconciliations (Significant Deficiency) - Repeated and Modified**

**Condition:** Effective July 1, 2006, the State of New Mexico converted to a new accounting system (SHARE). As disclosed in the Interest in the State General Fund Investment Pool footnote, the State of New Mexico has not reconciled cash since the conversion to the SHARE accounting system. The State is involved in a cash remediation project and balances going forward are reconciled; however, the Department is unable to validate beginning cash balances for the fiscal year. The Department has internal controls to verify its deposits and disbursements, but the lack of timely cash reconciliations by fund increases the risk that an error in cash could occur and not be detected in a timely manner.

**Criteria:** Reconciliation of cash by fund ensures the accuracy and reliability of the accounting records by reducing the risk of errors and irregularities.

**Effect:** The lack of timely cash reconciliations increases the risk of misstated cash balances at year end.

**Cause:** Cash is required to be reconciled by the Department Finance and Administration (DFA) by Statute Section 6-5-9 NMSA 1978 and did not officially inform the Department it had not reconciled cash until November 2012. The DFA is in process with the cash remediation project, but the Department cannot validate beginning cash balances.

**Recommendation:** Until DFA completes the cash remediation project, we recommend the Department ensure compensating controls are in place to validate their cash balance by fund. This includes controls over third party warrants from systems outside SHARE, as well.

**Management's Response:** Under the direction of the State Controller/Financial Control Division Director, the Financial Control Division of the New Mexico Department of Finance & Administration (DFA/FCD) continues to take aggressive action to resolve this serious problem. DFA/FCD has commenced the Cash Management Remediation Project (Remediation Project) in partnership with the New Mexico State Treasurer's Office, the New Mexico Department of Information Technology, and a contracted third party PeopleSoft Treasury expert.

Phase I of the Cash Management Remediation Project (completed in May 2013) implemented statewide business process changes and corrected numerous SHARE System configurations. The published report is available on the Cash Control/Historical Cash Reconciliation pages of the DFA/FCD website page of the New Mexico Department of Finance & Administration's website at: [http://www.nmdfa.state.nm.us/Financial\\_Control.aspx](http://www.nmdfa.state.nm.us/Financial_Control.aspx).

As a result of the changes and corrections, DFA/FCD was able to begin reconciling activity reported by the State's fiscal agency bank to the SHARE general ledger on a *point-forward basis* beginning February 1, 2013. However, additional critical business process changes and corrections to configurations within the SHARE System remain to be completed, there Cash Management Remediation Project, Phase II will begin.

STATE OF NEW MEXICO  
CHILDREN, YOUTH AND FAMILIES DEPARTMENT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

**FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2007-001 Computer Conversion and Reconciliations (Significant Deficiency) – Repeated and Modified (Continued)**

An approach and plan to address the population of historical reconciling items will be developed during the Remediation Project, but a separate initiative will be undertaken to resolve the historical reconciling items.

The Department has provided historical financial data for the M Warrant Cash Accounts to DFA/FCD for inclusion in the Remediation Project, Phase II. This will result in a reconciliation between agency financial records and the State Treasurer's Office banking records.

**2008-002 Capital Assets (Significant Deficiency) – Repeated and Modified**

**Condition:** During testwork over capital assets, we noted the following:

It was brought to our attention by the NM Office of the State Auditor (OSA), that the Department failed to provide appropriate notification to the OSA before disposing of three items on their capital asset listing: a green house, a printer, and a Hoist 2000 Carolina (equipment).

In addition, we noted a lack of monitoring over the calculation and recording of depreciation by the Department. The Department calculated depreciation expense based on the average total assets held, rather than tracking depreciation expense at the individual asset detail. This causes assets to be over depreciated. Additionally, the useful life per asset category used in the depreciation calculation did not agree to the lives for individual assets on the Department's internal capital asset detail.

**Criteria:** In accordance with the NM State Audit Rule 2014, section 2.2.2.10 T Disposition of Property, and pursuant to Subsection A of Section 13-6-4 NMSA 1978, at least 30 days prior to any disposition of property of the agency inventory list, written notification of the official finding and proposed disposition duly sworn and subscribed under oath by each member of the authority approving the action must be sent to the OSA. This process did not occur.

Additionally, in accordance with DFA's Manual of Model Account Practices 2010 (MAPs), FIN 6.2 Asset Depreciation, depreciation of assets should be recorded in compliance with generally accepted accounting practices.

**Effect:** The Department is not in compliance with the NM State Audit Rule. Additionally, the Department's depreciation calculation is not in accordance with MAPs.

**Cause:** Lack of adequate communication within divisions at the Department pertaining to these specific items.

**Recommendation:** We recommend the Department remind all divisions within the Department about these policies to help future communication between field office managers and those responsible for processes in the Administrative Services Division.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2008-002 Capital Assets (Significant Deficiency) – Repeated and Modified (Continued)

We also recommend the Department modify their internal capital asset tracking detail to ensure capital asset lives associated with each asset are reasonable and that depreciation is calculated at the individual asset level.

**Management’s Response:** The Department will continue to develop and implement controls related to the management, tracking and reporting of Capital Assets, although this process may continue to identify issues of non-compliance conducted in past fiscal years, as was the case for two of the unauthorized dispositions listed above. Pursuant to Secretary Directive, effective May 2013, CYFD Division Directors designated a Capital Asset Coordinator located at each office throughout the State who are required to provide the Agency Asset Administrator with an accurate and verifiable Capital Asset Physical Inventory on a quarterly basis. The resulting quarterly physical inventories identified two items that had been disposed in prior fiscal years, without proper agency authorization or New Mexico Office of the State Auditor (OSA) notification. However, the 501c (3) nonprofit organization donation receipt for the printer listed above is dated July 3, 2014, which is more than 30 days after the NM OSA 30 Day Notification dated May 30, 2014.

Generally Accepted Accounting Principles (GAAP) require a method of depreciation that is a systematic and rational process of distributing the cost of tangible assets over the life of the assets. CYFD utilizes the standard half year convention for additions and dispositions, depreciated on the straight line method of depreciation, by category known as “Group Depreciation”. Assets are combined by category or group and estimated useful life, which is the depreciation cost base, depreciated as a group. The standard half year convention eliminates the need for individual asset acquisition and disposition dates, which makes category or group depreciation relevant for financial accounting purposes in accordance with GAAP, as determined by the NM OSA financial audit of FY11, FY12 and FY13.

The capital asset estimated useful lives are reviewed annually for applicability by CYFD Management. Upon an additional review and comparison to the information provided by the financial auditors, we have determined that the lives used are within the standard life ranges provided and appropriate for the location and use of the assets. The asset lives listed on the asset detail spreadsheet should match to the life for the category. However, the individual asset lives on the spreadsheet are shown for informational purposes and do not affect the calculations. Management’s review and monitoring of the depreciation calculations is in the asset detail spreadsheet “verification” tab. The depreciation calculations are recomputed for verification as indicated in the example below:

Example:

Building Structures	and Group Basis	Cost	Class Life	1/2 Convention	Year	Depreciation
(A) Cost Basis	\$	937,964.00	X 1/25			\$ 37,518.56
(B) Additions	\$	661,658.00	X 1/25	X 1/2		13,233.16
(C) Dispositions	\$	9,054.00	X 1/25	X 1/2		(181.08)
Total						<u>\$ 50,570.64</u>



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Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

**FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2008-002 Capital Assets (Significant Deficiency) – Repeated and Modified (Continued)**

The Capital Asset Policies & Procedures are scheduled to be completed with the anticipated implementation of the SHARE Capital Asset Management module. The policies and procedures will include but are not limited to asset safeguarding and accountability; tagging new assets upon receipt; chain of custody for controlled assets; timely and comprehensive verifiable capital asset physical inventories; authority for certification of the capital asset physical inventory; NM OSA advance notification of proposed dispositions pursuant to New Mexico Statutes, Rules and Regulations; CYFD management monitoring; and compliance with DFA Model of Accounting Practices (MAPs).

We have begun the budgeting and resource identification processes to implement the Capital Asset Management module, as well as the development of the policies and procedures with appropriate controls on access, monitoring and authorization of transactions necessary to resolve the applicable conditions of this finding.

**2012-001 Use of State Issued Gas Credit Cards (Non Compliance with NM State Audit Rule) – Repeated and Modified**

**Condition:** During testwork over gas cards, we identified the following:

- 17 out of 31 transactions could not be supported with a receipt
  - Of these not supported with a receipt, 4 were non-fuel transactions; the validity of these non-fuel transactions could not be supported without reviewing the receipt.
- Of the fiscal year end total WEX fuel card expense in the amount of \$700,404, a fuel type other than regular unleaded was purchased, which amounted to \$10,143 for the year.

**Criteria:** The Department's Policies and Procedures #3.26, in accordance with New Mexico Administrative Code 1.5.3 NMSA 1978, identifies the following:

- 26.129: The Vehicle Coordinator review the monthly WEX Fuel Card account statement and exception report to ensure all transactions are authorized.
- 26.101: that card holders may only purchase regular unleaded or alternative fuels only.

**Effect:** Non compliance with NM Statutes and Department policies and procedures.

**Cause:** Lack of adherence to the Department policies and procedures by Department employees who use the WEX fuel cards.

**Recommendation:** We recommend the Department remind their employees of their policies and procedures pertaining to WEX fuel card usage. We did review documentation from the Vehicle Coordinator reminding employees about the allowable fuel types, but this was after the transactions took place.

**Management's Response:** Management concurs with the finding regarding the usage of state issued gas credit cards accountability. The Department diligently continues to notify the CYFD vehicle liaisons and CYFD employees authorized to drive a state vehicle they are not to purchase Super Unleaded or Premium Fuels when filling up a state vehicle per statutory and departmental policy requirements.

STATE OF NEW MEXICO  
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Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

**FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2012-001 Use of State Issued Gas Credit Cards (Non Compliance with NM State Audit Rule) – Repeated and Modified (Continued)**

The Department has notified CYFD vehicle liaisons that they are responsible to ensure discrepancies, unauthorized, or unsupported non-fuel transactions on the WEX Fuel Card transactions will have written supporting documentation from the user or authorized driver, which will reported monthly to the CYFD Agency Vehicle Coordinator. Additionally, CYFD will investigate the non-fuel transaction from the program area that could not be supported without reviewing the receipt.

The results of the investigation will be submitted to CYFD Employee Support Services for further review and possible disciplinary action if required to hold them accountable per departmental policy requirements.

The Department will update and provide refresher training course(s) on the Departmental policy and procedures vehicle usage and responsibilities to the vehicle liaisons and CYFD employees authorized to drive a state vehicle.

**2014-001 Personnel Files (Non Compliance with NM State Audit Rule)**

**Condition:** During our testwork over personnel files, there were 2 out of 22 files tested that contained a control deficiency:

- In 1 instance out of 22 tested, an employee was getting deductions from her paycheck that she did not authorize.
- In 1 instance out of 22 tested, an employee did not receive his authorized pay rate increase during the effective pay period.

**Criteria:** The Department's employees should be paid in accordance with NMAC Title 1 Chapter 7, State Personnel Administration (NMSA 1978) and based on authorized deductions elected by each employee.

**Effect:** These 2 employees were not paid at their appropriate rates.

**Cause:** Lack of adequate review of personnel documentation.

**Recommendation:** We recommend the Department review personnel records to ensure appropriate deductions are computed and pay raises are paid to the employee by the correct effective date.

**Management's Response:** CYFD management concurs with the finding regarding the internal control over personnel files – deficiency in internal control. In 1 instance out of 22 tested, an employee was getting deductions from her paycheck that she did not approve. This was caused by a keying error made by an employee who no longer works for the Department. Although, CYFD Human Resources no longer manages the employee benefits, it is the responsibility of the employee to ensure they work with the State of New Mexico third-party benefits administrator, ERISA Administrative Services, Inc., which is responsible for all issues related to employee benefits.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

**FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2014-001 Personnel Files (Non Compliance with NM State Audit Rule) (Continued)**

In 1 instance out of 22 tested, an employee did not receive his authorized pay rate increase during the effective pay period. This was caused by CYFD Human Resources not receiving this employee's evaluation in a timely manner from the supervisor. The employee was completing his probationary period, in which his raise did not go into effect until a satisfactory evaluation had been entered for his probationary year. In order to prevent this from occurring in the future, we are generating regular reports listing evaluations that are overdue and contacting managers to remind them to complete the evaluations.

**2014-002 Untimely Deposits (Non Compliance with NM State Audit Rule)**

**Condition:** During audit fieldwork, the Department brought to our attention an issue whereby cash receipts from prior fiscal years were not deposited timely, in accordance with FIN 2 of the Manual of Model Accounting Practices for the state of NM.

**Criteria:** State agencies must deposit all monies received with STO or with the authorized banking institution by the close of the next business day after receipt, per FIN 2 of the Manual of Model Accounting Practices.

**Effect:** Cash receipts in the amount of \$956 ranging from October 2012 through July 2013 were not deposit in a timely manner.

**Cause:** Lack of adherence to FIN 2 of the Manual of Model Accounting Practices

**Recommendation:** We recommend the Department train employees in the various divisions about the appropriate policies and procedures outline in the Manual of Model Accounting Practices.

**Management's Response:** Management concurs with the finding regarding untimely deposits of \$956.05. These payments were not deposited timely by the appropriate Program Staff and were found in a file drawer. The fourteen payment items dated April 4, 2012 through July 15, 2013 were for copy charges, credit refunds from three vendors, three client payments, and a CYFD employee jury duty reimbursement.

We have worked diligently to deposit those checks or money orders that were not stale dated and requested reissuances of the stale dated checks or money orders from the other entities. This information was disclosed to our CYFD Inspector General Counsel and to our external auditors, Clifton Larson Allen LLP.

The Program Area staff responsible for processing deposits have been provided in writing that failing to deposit money received in a timely manner is unacceptable and may result in disciplinary action. It hinders our agency by not being in compliance with the Public Monies Act, as late deposits could affect the agency's cash flow in a negative manner and create an increased risk of susceptibility to fraud.

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

**FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)**

**2014-002      Untimely Deposits (Non Compliance with NM State Audit Rule) (Continued)**

Additionally, pursuant to the provisions of the Public Monies Act, Section 6-10-3 NMSA 1978, a person receiving money by cash or check from any source must deposit it before the close of the next business day after the receipt of the money. Additionally, per New Mexico Model Accounting Policies, FIN 2.1, Receipt and Deposit, state agencies must deposit all money received with State Treasurer's Office or the authorized banking institution by the close of the next business day after receipt.

The Program Area has taken immediate action to ensure deposits are made within 24 hours and provided written direction and training to all staff.

**2014-003      Interagency Transactions (Other Matter - Deficiency in Internal Control)**

**Condition:** During the audit, it was identified that the Department is not recording interagency transactions in a consistent manner with other state agencies. As a result of these inconsistencies, a reclassifying journal entry was necessary for financial statement presentation.

**Criteria:** MAPs FIN 3.1 establishes policies and procedures for state agencies to follow to ensure accurate recording and reporting of interagency transactions.

**Cause:** Management oversight, lack of timely communication among state agencies to ensure interagency transactions are being recorded consistently amongst each other and in accordance with generally accepted accounting principles.

**Effect:** Inconsistencies when preparing the State's financial statements.

**Recommendation:** We recommend management continue to be proactive in working with other state agencies that the Department transacts with to ensure timely and accurate reporting of these transactions. Furthermore, the Department should communicate with the Statewide Financial Reporting and Accounting Bureau regarding any interagency transactions in which the Department is unable to resolve with the agency itself or guidance is needed regarding the appropriate recognition of the transactions.

**Management's Response:** The Department was informed on June 26, 2014 by the State Controller/Financial Control Division Director that interagency transactions (such as Due To and Due From accounts) have emerged as a major weakness for the entire state, and that these transactions had not been reconciled since the implementation of the SHARE in 2006. This resulted in a critical problem with statewide financial reporting in the State of New Mexico's Comprehensive Annual Financial Report (CAFR) for fiscal year 2013.

The Department does not concur that we did not record the interagency transactions in a consistent manner with other state agencies, or that this is a deficiency in our internal control. The Department recognizes the \$4.6M was recorded in account 139900 (Other Receivables). By reclassifying the amount through an adjusting journal entry, we recorded the amount in the correct accounts (Due From Other Agencies and Due To Other Agencies) in our financial statements. Therefore, the Department does not agree that this is a management oversight. Also, the

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2014-003 Interagency Transactions (Deficiency in Internal Control) (Continued)

Department cannot control how the other state agencies record their financial transactions. The other state agencies continued to record interagency transactions as accrued vouchers payable, other liabilities, or other receivables on their financial statements.

The Department will communicate with the state agencies' Chief Financial Officers to ensure interagency transactions are recorded properly in SHARE Financials. The Department will implement a quality review of the Due To and Due From Other State Agencies activity to ensure accurate recording and reporting on the financial statements. We will also reach out to the DFA Statewide Financial Reporting and Accountability Bureau (SFRAB) to ensure accurate financial reporting.

Additionally, the Department adheres diligently to the State of New Mexico's Model Accounting Practices (MAPs) Manual as issued and updated by the New Mexico Department of Finance and Administration/Financial Control Division.

STATE OF NEW MEXICO  
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Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

FEDERAL FINDINGS

2012-003 Special Provisions (Significant Deficiency/Non Compliance)

CFDA # 93.596 – Child Care and Development Fund

Federal Agency: US Department of Health and Human Services

Federal Award No: G-1401NMCCDF

Questioned Costs: Zero

**Condition:** During testwork over the Special Provisions related to Health and Safety requirements, we noted 11 out of 40 files tested where the Department did not perform the necessary survey of the provider to ensure the provider met the specified Health and Safety requirements outlined in the Child Care Development Fund Plan.

**Criteria:** OMB Circular A-133, Compliance Supplement Part 4 for this program identifies a special provision whereby the Department must perform inspections over child care providers for certain health and safety requirements. The specific requirements are identified in the Department's Child Care Development Fund plan as well as NMAC 8.17.2 NMSA 1978.

**Effect:** The Department is not in compliance with this federal requirement.

**Cause:** Lack of adequate program management.

**Recommendation:** We recommend the Department ensure their program managers are familiar with all requirements identified by the OMB for each federal program.

**Management's Response:** The Department performs certain health and safety inspections for all Child Care Providers, as required. All program managers are trained and are familiar with the requirements identified by the federal program. Monitoring of Registered Home providers procedure changed on October 1, 2013. The Department's Child Care Services Bureau assumed the responsibility of providing the Health and Safety Inspections. Prior to that date, the Family Nutrition Food Sponsors were responsible for the inspections. The Department was not able to secure copies of the surveys from the appropriate food sponsoring agency in the timeframe provided by the independent public auditor, resulting in the finding. All annual surveys for Registered Homes were completed during the fiscal year.

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Status of Prior Year Audit Findings

Year Ended June 30, 2014

Finding No. 07-01      COMPUTER CONVERSION AND RECONCILIATIONS – (SIGNIFICANT DEFICIENCY FOR FINANCIAL STATEMENT AUDIT AND SINGLE AUDIT FINDINGS (ALL FEDERAL PROGRAMS))

Status: REPEATED AND MODIFIED; renumbered as 2007-001

Finding No. 08-02      CAPITAL ASSETS (SIGNIFICANT DEFICIENCY)

Status: REPEATED AND MODIFIED; renumbered as 2008-002.

Finding No. 12-01      USE OF STATE ISSUED GAS CREDIT CARDS – OTHER FINDING

Status: REPEAT AND MODIFIED; renumbered as 2012-001

Finding No. 13-01      VIOLATION OF GOVERNMENT CONDUCT ACT – OTHER FINIDNG

Status: Resolved

Finding No. 08-01      INTERNAL AUDIT FUNCTION – SIGNIFICANT DEFICIENCY (FEDERAL AND FINANCIAL STATEMENT FINDING)

Status: Resolved

Finding No. 12-03      INTERNAL CONTROL OVER COMPLIANCE – OTHER FINDINGS (FEDERAL FINDING)

Status: REPEATED AND MODIFIED; renumbered as 2012-003

STATE OF NEW MEXICO  
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Exit Conference

June 30, 2014

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

An exit conference was held on December 11, 2014 to discuss the audit report and audit findings.

Those in attendance were as follows:

Children Youth and Families Department

Yolanda Delrus  
Jennifer Padgett  
Helen Quintana  
Annette Romero  
Sandra Steckler  
Reagan Smetak  
Bernice Tapia

Cabinet Secretary  
Deputy Secretary  
Chief of Staff  
ASD Deputy Director  
Chief Financial Officer  
Budget Director  
Financial Manager

CliftonLarsonAllen

Georgie Ortiz, CPA, CGFM  
Laura Beltran-Schmitz, CPA, CGFM, CFE

Managing Principal – New Mexico  
Engagement Director