

**STATE OF NEW
MEXICO
HUMAN SERVICES
DEPARTMENT
FINANCIAL STATEMENTS**

JUNE 30, 2008

Moss Adams LLP
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**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
OFFICIAL ROSTER**

June 30, 2008

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Robert Romero, CPA	Deputy Director, Administrative Services
Fred Sandoval	Director, Income Support
Helen Nelson	Deputy Director, Income Support
Ted Roth	Deputy Director, Income Support
Charissa Saavedra	Director, Child Support Enforcement
Kathleen Valdes	Deputy Director, Child Support Enforcement
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Julie Weinberg	Deputy Director, Medical Assistance
Larry Heyeck	Deputy Director, Medical Assistance
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Eluid Martinez	Deputy Director, Information Technology
Division	
Kristina Lawson	Deputy Director, Information Technology
Division	
Randy Scott	Inspector General

TABLE OF CONTENTS

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Department-Wide Statement of Net Assets	18
Department-Wide Statement of Activities	19
Governmental Funds Balance Sheet	20
Reconciliation of Department-Wide Statement of Net Assets to Governmental Funds Balance Sheet	21
Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances	22
Reconciliation of Department-Wide Statements of Activities To Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances	23
Statement of Revenues and Expenditures – Budget and Actual	
Fund 052 – General Fund	24
Fund 901 – Data Processing Appropriations	25
Fund 974 – Income Support L Warrants	26
Fund 975 – Income Support N Warrants	27
Fund 976 – Medical Assistance	28

TABLE OF CONTENTS

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT

BASIC FINANCIAL STATEMENTS (CONTINUED)

Balance Sheet – Enterprise Fund Small Employer Insurance Program	29
Statement of Revenue, Expenses and Changes in Fund Net Assets – Enterprise Fund Small Employer Insurance Program	30
Statement of Cash Flows – Enterprise Fund Small Employer Insurance Program	31
Statement of Fiduciary Net Assets – Agency Fund 978 - Child Support Enforcement	32
Notes to Financial Statements.....	33

SUPPLEMENTAL INFORMATION

Schedule of Cash Balances	61
Schedule of Joint Powers and Other Government Agreements	62
Schedule of Changes in Assets and Liabilities Agency Fund 978 Child Support Enforcement.....	67
Budgetary Comparison Schedules	
Program Support Program – Roll up of General Appropriation, Plus Specials and Supplemental Included in Fund 052XX.....	68
Program Support Program – General Appropriation Act of 2007	69
Program Support Program – Special Appropriation ("DRA") L08 C3 S005 I072.....	70

TABLE OF CONTENTS

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT

SUPPLEMENTAL INFORMATION (CONTINUED)

Budgetary Comparison Schedules (Continued)

Program Support Program – Supplemental Appropriation, Laws 2008, Chapter 3, Section 6, Item (19).....	71
Child Support Enforcement Program – General Appropriation Act of 2007.....	72
Medical Assistance Program – General Appropriation Act of 207 Fund 052 P524.....	73
Income Support Program – Fund 502 Roll up P525.....	74
Income Support Program – General Appropriation Act of 2007.....	75
Income Support Program – Appropriation Laws 2008 Reg. Session, SB471, Chapter 92, Section 54, Page 184.....	76
Income Support Program – Appropriation Laws 20089 Reg. Session, HB2, Chapter 3, Section 5, Item 73, Page 236.....	77
Income Support Program – Appropriation Laws 2007 Reg. Session, SB611, Chapter 21, Section 22(1), Page 27.....	78
Income Support Program – Appropriation Laws 2007 Reg. Session, SB611, Chapter 21, Section 22(2), Page 27.....	79
Behavioral Health Services Program – Roll up.....	80
Behavioral Health Services Program – General Appropriation Act of 2007.....	81
Behavioral Health Services Program – SB611 Section 26 Item 7.....	82
Behavioral Health Services Program – SB611 Section 26 Item 10.....	83
Behavioral Health Services Program – SB611 Section 26 Item 11.....	84
Behavioral Health Services Program – SB611 Section 26 Item 17.....	85

TABLE OF CONTENTS

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT

SUPPLEMENTAL INFORMATION (CONTINUED)

Budgetary Comparison Schedules (Continued)

Behavioral Health Services Program – SB611 Section 26 Item 25	86
Behavioral Health Services Program – SB611 Section 26 Item 26	87
Behavioral Health Services Program – SB611 Section 26 Item 27	88
Behavioral Health Services Program – SB611 Section 26 Item 31	89
Behavioral Health Services Program – SB611 Section 26 Item 35	90
Behavioral Health Services Program – SB611 Section 26 Item 36	91
Behavioral Health Services Program – SB611 Section 26 Item 42	92
Behavioral Health Services Program – SB611 Section 26 Item 43	93
Behavioral Health Services Program – SB611 Section 26 Item 44	94
Behavioral Health Services Program – General Appropriation Act of 207, HB2, Section 5	95
Behavioral Health Services Program – SB827 Section 21	96
Program Support Program – Special Appropriation, Fund 901 Roll up	97
Program Support Program – Special Appropriation for EDMS, Laws 2008, Chapter 3, Section 7 Item (25).....	98
Program Support Program – Special Appropriation for HIPAA, Laws 2007, Chapter 26, Section 7, Item (20).....	99
Program Support Program – Special Appropriation for ISD2R, Laws 2008, Chapter 3, Section 7, Item (27).....	100
Program Support Division – Special for EES/YES-NM, Laws 2008, Chapter 3, Section 7, Item (26).....	101

TABLE OF CONTENTS

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT

SUPPLEMENTAL INFORMATION (CONTINUED)

Budgetary Comparison Schedules (Continued)

Income Support Program – Roll up Fund 974 P525	102
Income Support Program – Appropriation Laws 2005 SP. Session, HB8, Chapter 2, Section 3, Extended Language 2006 RG. Session, SB415, Chapter 110, Section 3	103
Income Support Program – General Appropriation Act of 2007	104
Income Support Program – Appropriation Laws 2008 Reg. Session HB2, Chapter 3, Section 5, Item 73, Page 236	105
Income Support Program – General Appropriation Act of 2007	106
Medical Assistance Program – General Appropriation Act of 2007 Fund 976 P524	107
Medical Assistance Program – Supplemental Appropriation Laws 2008, Chapter 3, Section 6, Item 18.....	108
Income Support Program – General Appropriation Act of 2007	109
Medicaid Behavioral Health Program – General Appropriation Act of 2007, Fund 976 P766	110
Medicaid Behavioral Health Program – General Appropriation Act of 2007	111
Schedule of Expenditures of Federal Awards.....	112
Notes to Schedule of Expenditures of Federal Awards	113

TABLE OF CONTENTS

STATE OF NEW MEXICO HUMAN SERVICES DEPARTMENT

SINGLE AUDIT REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	116
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	119
Schedule of Findings and Questioned Costs.....	122
Schedule of Prior-Year Audit Findings	143
Exit Conference	144

Independent Auditors' Report

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Ms. Pamela Hyde, Cabinet Secretary
New Mexico Human Services Department
Santa Fe, New Mexico
and
Mr. Hector H. Balderas,
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the remaining fund information, and the respective budgetary comparison for each major governmental fund of the New Mexico Human Services Department (Department) as of and for the year ended June 30, 2008 which collectively comprise the Department's basic financial statements as listed in the table of contents. We have also audited the fiduciary fund as of June 30, 2008. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the New Mexico Department of Human Services are intended to present the financial position, and the changes in financial position and, where applicable, cash flows, of only that portion of the governmental activities, business-type activities, major funds, and the aggregate remaining fund information of the State of New Mexico that is attributable to the transactions of the Department. They do not

Ms. Pamela Hyde, Cabinet Secretary
New Mexico Human Services Department
Santa Fe, New Mexico
and
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New Mexico State Auditor
Santa Fe, New Mexico

purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2008, and the changes in its financial position, or, where applicable, its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2008, 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 4 through 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ms. Pamela Hyde, Cabinet Secretary
New Mexico Human Services Department
Santa Fe, New Mexico
and
Mr. Hector H. Balderas,
New Mexico State Auditor
Santa Fe, New Mexico

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. In addition, the schedule of cash balances, the schedule of joint powers agreements, the schedule of changes in assets and liabilities for agency fund and the budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements referred to above. These schedules have been subjected to the auditing procedures applied by us in the audit of the financial statements referred to above and, in our opinion, such information is fairly presented, in all material respects, in relation to the financial statements referred to above taken as a whole.

Moss Adams LLP

Albuquerque, New Mexico
December 15, 2008

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2008

A. INTRODUCTION

Management's Discussion and Analysis (MD&A) is required supplementary information that is included to explain the Department's financial statements. It also presents management's diagnostic summary of the Department's finances for the fiscal year ended June 30, 2008. It should be read together with the financial statements, which follow it.

B. FINANCIAL STATEMENTS EXPLAINED

The Department's Basic Financial Statements (BFS) are presented in four parts, in the following order:

1. Department-Wide Financial Statements,
2. Fund Financial Statements,
3. Budgetary Comparison Statements, and
4. Notes to the Basic Financial Statements.

Department-Wide Financial Statements

The department-wide financial statements include the first two financial statements, the *Statement of Net Assets (Deficit)* and the *Statement of Activities*. These statements report information on all of the financial activities and resources of the Department as a whole except for information applicable to fiduciary activities. Fiduciary activities represent funds held in trust for others under the Child Support Enforcement program. These funds are not included in the resources available to support the Department's governmental activities. Governmental activities are financed by general revenue appropriations and state and federal grants. An Enterprise fund was established to account for the Small Employer's Insurance Program activities.

The *Department-Wide Statement of Net Assets (Deficit)* reports the assets of the Department and the corresponding claims and liabilities against those assets at June 30, 2008. The difference between the value of the assets and the liabilities is reflected as the value of the net assets. Increases or decreases in net assets measure whether the financial position of the Department improved or deteriorated. Net assets legally limited to a particular use are reported as restricted. Unrestricted net assets are assets that can be used to fund operating expenses in future years.

The *Department-Wide Statement of Activities* reports the expenses of providing healthcare services and financial assistance to eligible New Mexico residents, and the cost of general government operations of the Department, with a comparison of the program revenues obtained to finance them, and the general revenues made available to fund the difference. The statement also reports the change in net assets during the 2008 fiscal year.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

B. FINANCIAL STATEMENTS EXPLAINED (CONTINUED)

The Department's activities are grouped into the functional programs. The healthcare services program is primarily funded under the Medicaid program administered by the U.S. Department of Health and Human Services. Financial assistance programs are funded from federal revenues provided by the U.S. Department of Agriculture, the Administration for Children and Families, and the State of New Mexico. General government costs include the costs of administering these programs, and the costs of administering the Child Support Enforcement and Behavioral Health Services Programs. General revenues are made available to the Department through appropriations from the State General Fund and other special funds, as well as, through amounts transferred from other state and local agencies that participate in the healthcare and financial assistance programs.

Fund Financial Statements

The Fund Financial Statements that follow the department-wide financial statements report on the financial position and changes in financial position of the individual funds used by the Department. Funds are separate accounting entities used in government accounting to segregate transactions according to the sources of funding and to demonstrate legal compliance with the restrictions that may be imposed on those financial resources. The Department uses three types of funds to account for its financial activities: Governmental Funds, Enterprise Funds and Fiduciary Funds.

Governmental Funds are used to account for the finances of the governmental activities reported in the department-wide financial statements. The Department uses two types of governmental funds: a *general fund* to account for activities not required to be accounted for in other funds, and *special revenue funds*, to account for collection and expenditure of earmarked and restricted fund resources. Please refer to note 2 to the Financial Statements (page 33) for an explanation of these funds.

Enterprise Funds are used to account for "business-type activities" or activities similar to those found in the private sector. The Department uses an enterprise fund to account for activities related to its Small Employers Insurance Program (Fund 979).

Fiduciary Funds are used to account for resources the Department holds for others. The Department uses one fiduciary fund (Fund 978), which is an *agency fund* used to hold child support payments collected from non-custodial parents until the payments are remitted to the custodial parents or third parties. The finances of this fund are reported in a separate Statement of Fiduciary Net Assets (page 31). The resources of this fund are excluded from the Department Wide Financial Statements because they cannot be used to finance the Department's operations.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

B. FINANCIAL STATEMENTS EXPLAINED (CONTINUED)

Reconciliation of Department-Wide Financial Statements to Fund Financial Statements

Differences in amounts reported in the department-wide financial statements versus in the fund financial statements result from the different measurement focus and basis of accounting used. The measurement focus used for governmental funds is based on budgetary control and the flow of resources in the current year. As an example, capital purchases are treated as expenditures of the current year. Department-wide financial statements reflect such transactions as allocations over the time of use in the form of depreciation. A reconciliation of differences between department-wide and fund financial statements is provided in separate schedules that detail the differences in accounting treatment.

The budgetary comparison statements furnish a budget-to-actual comparison for all governmental funds to report compliance with the approved budget. The budget amounts reported are those in the *Original Budget* and in the final *Amended Budget*, which reflects all legal adjustments, made to the budget since the start of the fiscal year. The *Budgetary Actual* amounts are stated on the same basis as the budget figures.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide detailed information to support and explain key financial information presented in the department-wide and fund financial statements. The notes provide information on the activities of the Department, on the bases of accounting used, and on accounting policies reflected in the financial statements, in addition to clarifying key financial information. They are integral to understanding the financial statements.

C. SUPPLEMENTAL INFORMATION

Supplemental Information is provided to demonstrate reconciliation of cash balances to the State Treasurer, to detail the open Joint Powers Agreements, to report the change in assets and liabilities of the agency fund, to review budgetary comparisons, and to report the details of federal grant awards and expenditures. The information is provided in compliance with federal and state reporting requirements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

D. ANALYSIS OF THE DEPARTMENT'S FINANCES AS A WHOLE

The Department reports in compliance with GASB 34, and we are pleased to provide comparative financial information for fiscal year 2006 and fiscal years contained in the published financial statements. Management has not attempted to recast this information, except as adjusted in preparation of the fiscal year 2008 financial statements and information.

Net Assets and Changes in Net Assets

Table 1 summarizes the net assets in Governmental and Business Activities of the Department for the fiscal year ended June 30, 2008, with comparative balances for the fiscal years ended June 30, 2007 and June 30, 2006. Information is combined for this presentation since the business fund only reports contributed capital of \$25,000.

Table 1 - Net Assets

	2008	2007	2006	2007 to 2008	
	Governmental Activities	Governmental Activities	Governmental Activities	Increase/ (Decrease)	% Change
Assets:					
Current assets	\$ 07,960,821	563,243,623	250,531,603	44,717,198	8%
Capital assets	4,870,350	3,584,574	4,479,213	1,285,776	36%
Total assets	612,831,171	566,828,197	255,010,816	46,002,974	8%
Liabilities:					
Current liabilities	604,278,147	559,291,842	254,291,823	44,986,305	8%
Long-term liabilities	-	-	-	-	
Total liabilities	604,278,147	559,291,842	254,291,823	44,986,305	8%
Net Assets:					
Invested in capital assets - net of related debt	4,870,350	3,584,574	4,479,213	1,285,776	36%
Restricted for Grant Programs	7,819,651	7,653,123	5,376,961	166,528	2%
Unrestricted	(4,136,977)	(3,701,342)	(9,137,181)	(435,635)	12%
Total Net Assets	\$ 8,553,024	7,536,355	718,993	1,016,669	13%

The Department's net investment in capital assets totaled \$4,870,350 at June 30, 2008. Amounts reflected in this category are not available to fund future spending. The Department uses these assets to provide services. The increase in the Department's capital assets is discussed below under the heading G. *Capital Assets and Debt Management*.

Net Assets increased by 13% to a net asset balance of \$8,553,024. Growth is attributed recognition of revenue associated with growth of the Medical Assistance Program and the addition of the Behavioral Health Services Division and to the increase in funds reserved for grant programs and the uncompensated liabilities. The Department did not include in its 2008 Budget the amount needed to pay the liabilities pertaining to future compensated employee vacation, sick, and compensatory leave.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

**D. ANALYSIS OF THE DEPARTMENT'S FINANCES AS A WHOLE
(CONTINUED)**

Restricted net assets represent resources that are subject to both state and federal restrictions on how they can be spent. The majority of these resources can only be spent on Human Services programs (medical care and financial assistance). In addition, restricted net assets are restricted for expenditure in subsequent years, reflecting state appropriations and federal grants made in the current and prior fiscal years that are to be carried forward for expenditure in fiscal year 2009 and subsequent years.

The detailed changes in net assets are presented in **Table 2**.

Table 2 - Changes in Net Assets

	2008	2007	2006	2007 to 2008	% Change
	Governmental & Business Activities	Governmental & Business Activities	Governmental Activities	Increase/ (Decrease)	
Revenues					
<i>Program Revenues:</i>					
Charges for Services	\$ 66,405,739	55,934,971	56,611,738	10,470,768	19%
Federal funds	2,795,242,001	2,458,678,171	2,340,394,169	336,563,830	14%
Total Program Revenues	2,861,647,740	2,514,613,142	2,397,005,907	347,034,598	14%
<i>General Revenues & Special Items:</i>					
State Appropriation	835,836,900	698,428,700	651,043,450	137,408,200	20%
Miscellaneous Revenue	-	-	92,209	-	0%
Other	-	-	(590,561)	-	0%
Total General Revenue	3,814,663,432	698,428,700	650,545,098	137,408,200	20%
Transfer from Other State Agencies	117,178,792	106,772,708	99,851,093	10,406,084	10%
Total Revenues	835,836,900	3,319,814,550	3,147,402,098	494,848,882	15%
Expenses:					
Healthcare services	3,122,389,005	2,733,129,765	2,549,901,084	389,259,240	14%
Financial Assistance	365,705,383	341,804,814	381,040,235	23,900,569	7%
General Government	325,033,833	227,318,324	209,615,963	97,715,509	43%
Total Expenses	3,813,128,221	3,302,252,903	3,140,557,282	511,831,389	15%
Increase (Decrease) in Net Assets	1,016,669	6,817,362	3,775,901	(5,800,693)	-85%
Net assets-beginning of year	7,536,355	718,993	(3,056,908)	6,792,362	945%
Net assets-end of year	8,553,024	7,536,355	718,993	1,016,669	13%

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

**D. ANALYSIS OF THE DEPARTMENT'S FINANCES AS A WHOLE
(CONTINUED)**

Net assets increased by \$1,016,669 a 13% increase from 2007. The change relates to the growth of the Medical Assistance and the addition of the Behavioral Health Services Division. Table 2 reflects a 15% growth in 2008 in both total revenues and total expenditures compared to the growth in 2007 of 5%. Program expenditures pertaining to the Medical Assistance increased 14% to \$3,122.4 (millions) compared to 7% in 2007 and 7% in 2006. Budget increases to the Medicaid Program were based on the Program's Projection Model and the maximization of federal funds matched by available Other Revenue.

Revenues increased in the Financial Assistance Programs by 8% and expenditures increased 7%; revenues increased by \$27 million to \$349 million and expenditures increased \$24 million to \$366 million. Financial Assistance programs were increased by \$6 million funded by LIHEAP grant funds remaining from 2007; \$1.6 million TANF cash assistance benefits; and \$10 million in the Food Stamp Program.

The Department's net assets are reported in three categories that reflect the equity composition: *Invested in Capital Assets* (net of accumulated depreciation), *Restricted Net Assets*, and *Unrestricted Net Assets*.

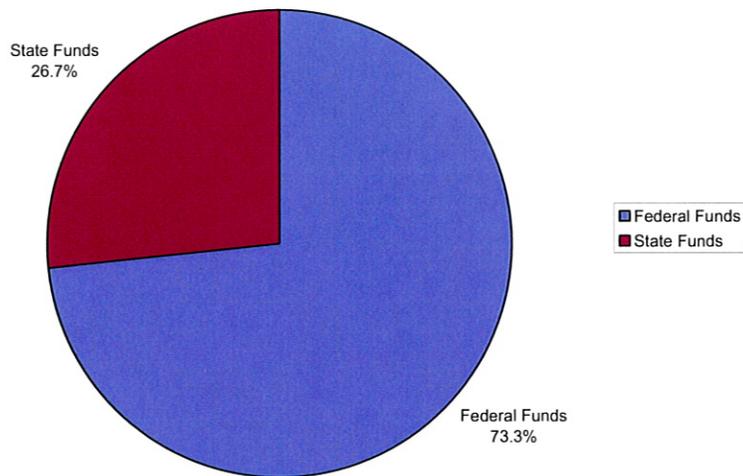
STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

**D. ANALYSIS OF THE DEPARTMENT'S FINANCES AS A WHOLE
(CONTINUED)**

The composition of the Department's revenues is shown below in Figure 1. As this chart demonstrates, just over seventy-three percent (73%) of the Department's revenues came from federal funds, a slight decrease from 74% in 2007. The remaining 26% matching funds were comprised of State general revenue appropriations, reimbursements from other state agencies, miscellaneous revenues and transfers.

Figure 1

Sources of Revenues for Fiscal Year 2008



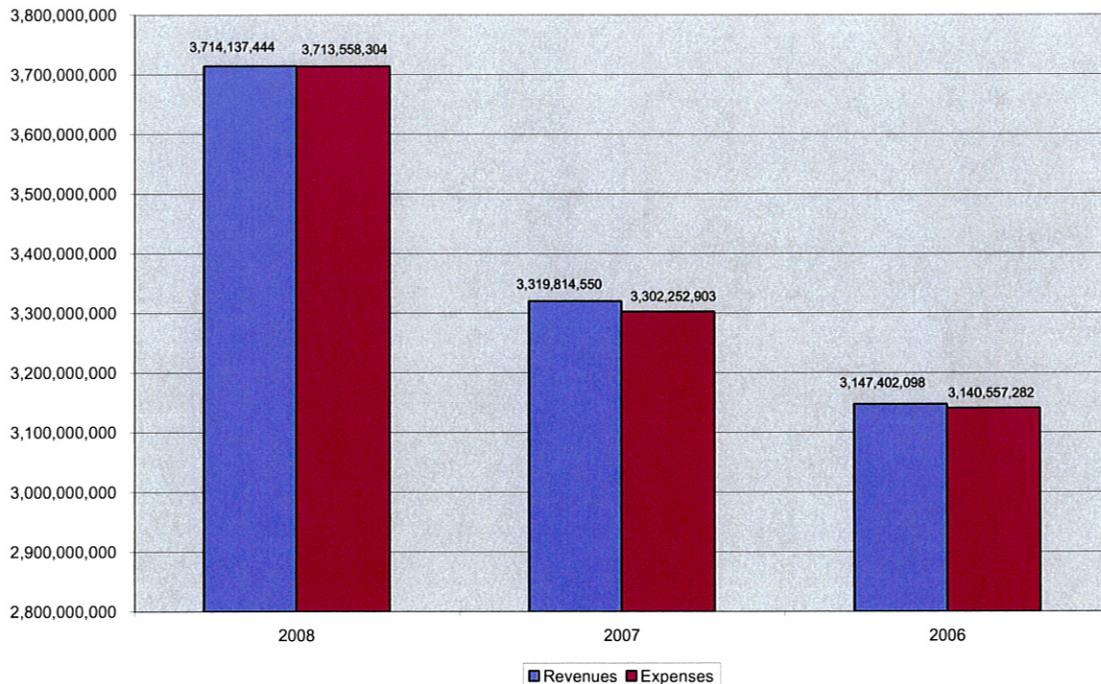
STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

**D. ANALYSIS OF THE DEPARTMENT'S FINANCES AS A WHOLE
(CONTINUED)**

Decreases of .89% in the federal Government's participation rate pertaining to both Title XIX Medicaid and State Children's Health Insurance Program (SCHIP), increased enrollment and increased health care costs resulted in a 15% increase in the State Appropriation. The heavy reliance on federal funding, and the size of the Department's overall budget, subject the Department to significant external oversight of its program and fiscal operations.

The bar graph in **Figure 2** depicts the relationship of total governmental expenditures and revenues for fiscal years 2006, 2007 and 2008.

Figure 2 - Fiscal Year 2006, 2007 and 2008 Revenues and Expenses



Governmental Activities

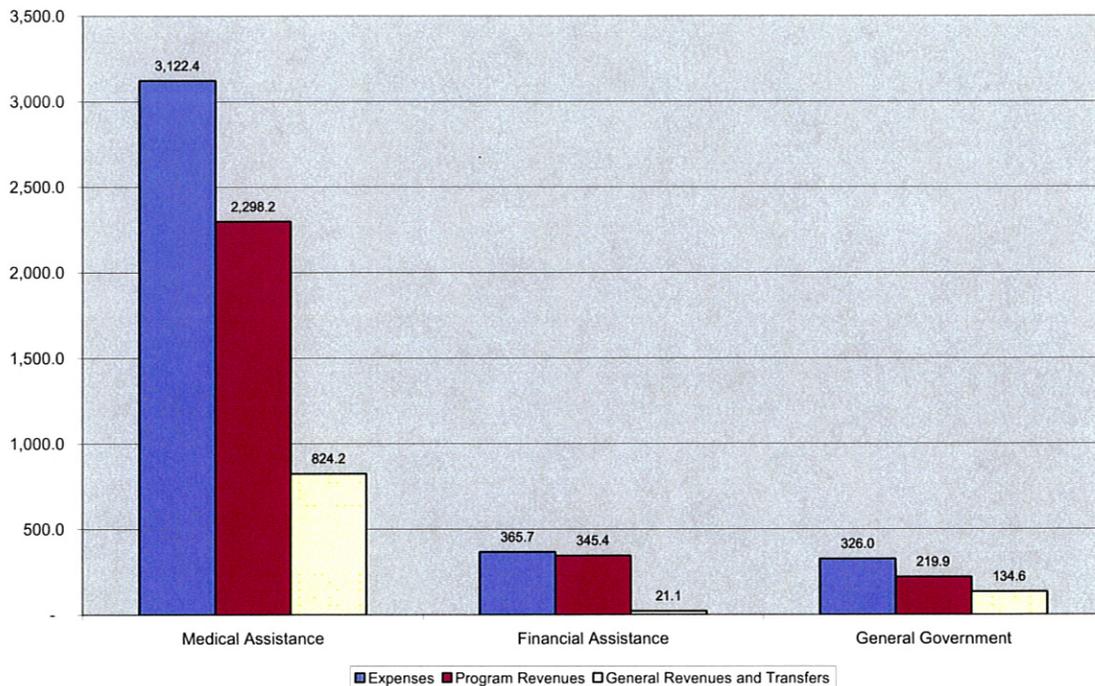
The *Statement of Activities* reports program, matching state revenue and direct expenses for the Department's governmental activities. Direct expenses are those directly associated with a program. Program revenues include reimbursements by other agencies for payment of services provided to clients on their behalf, as well as grants that are designated to meet operational requirements of the programs.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

**D. ANALYSIS OF THE DEPARTMENT'S FINANCES AS A WHOLE
(CONTINUED)**

Costs not covered by program revenues are covered by the sources of general revenues (money provided by the state's tax payers) that primarily include state appropriations and transfers from other state agencies. The Bar Chart in **Figure 3** shows the relationship of governmental direct expenses to program revenues, general revenues and transfers for fiscal year 2008.

Figure 3 - Direct Expenses, Program Revenue, General Revenue and Transfers



The total direct costs of all the Department's governmental activities this year were \$3,813,128,221. Of these total costs, 82% were for medical assistance services provided to eligible residents of the state, primarily under the Medicaid program of which 74% was financed by federal grants and charges for services, and general revenues funded \$824,231,527 (26%). Most of the state appropriations are committed to match the federal government's share of the costs of the medical assistance program.

A total of \$365,705,383 or 10% of total direct costs pertains to financial assistance provided to eligible residents; 94% of these costs were funded by federal grants and charges for services. The remaining 6% was financed with state funds.

The remaining direct costs are general government costs incurred in the administration of the Medical Assistance, Child Support, Financial Assistance Programs and Behavioral Health Programs. These costs increased by \$97,715,509 to \$325,033,833; 66% of these costs were financed by federal grants and charges for services and 34% by state funds.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

E. FINANCIAL ANALYSIS OF THE DEPARTMENT'S FUNDS

Governmental Funds Balance Sheet

The Department's Governmental Funds Balance Sheet provides information on the balance of available resources. Such information is useful in evaluating the Department's financing requirements. At June 30, 2008, the Department's combined fund balance reported an \$8,108,910, an increase of \$85,598 from 2007. Differences between the combined fund balance and total net assets reported in the Department-Wide Statement of Net Assets are explained on the Reconciliation of the Department-Wide Statement of Net Assets to Governmental Funds Balance Sheet. They reflect the differences in basis of accounting used in the two sets of statements.

The fund balances remaining in the Income Support fund 974 is comprised of reserves for the unspent special appropriation for LIHEAP.

The fund balance remaining in the General Fund is comprised of the Department's office supplies inventory, Child Support Enforcement Incentives, Severance Tax Bond for Facilities, Behavioral Health Transformation Grant and reserves for unspent special appropriation Domestic Violence and unspent grants for the Robert Wood Johnson and McCune Foundations to be budgeted in a future period. Since the inventory is not cash that can be appropriated in a future period it is reserved for use in future periods.

The Data Processing Appropriations Fund holds funds appropriated for expenditure in more than one fiscal year. Hence fund balance was reserved for use in future periods for the Electronic Data Management System (EDMS), ISD2 Refresh and EES/YES eligibility systems projects.

The fund balances explained above are net of unspent state funds appropriated for the 2008 and previous fiscal years that have been identified for reversion to the State General

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

E. FINANCIAL ANALYSIS OF THE DEPARTMENT'S FUNDS (CONTINUED)

Fund. The amounts that will revert to the State General Fund from the Department's General Fund, Special Appropriations, Income Support Funds, and Medical Assistance Fund are \$392,485; \$88,697; \$60,448; \$83,758 and \$326 respectively. The amounts to be reverted add up to \$625,714.

Governmental Fund Statement of Revenues and Expenditures

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance present the financial activity of each of the Department's funds for the 2008 fiscal year. Revenues from Government functions for all funds totaled \$3,814,663,432. The composition of these revenues has been previously described. Expenditures for each of the funds are also presented on this statement, with detail provided to show the nature of the expenditures in each fund. As noted above, roughly 82% of the expenditures support medical assistance program payments and another 10% support financial assistance program costs. Differences between revenue and expenditures reported on this statement and those reported in the Statement of Activities are attributable to the differences in bases of accounting used to prepare each statement. Refer to the accompanying Notes to the Financial Statements for explanation of accounting policies.

F. GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Amended Budget

Differences between the original budget and the final amended budget were a result of various budget adjustments and appropriations. The agency budgeted federal funds, miscellaneous revenues, fund balance, and the reauthorization of computer systems enhancement funds, and the associated certified federal financial participation. The most significant budget increases occurred in the Medicaid program budget resulting from increases in federal funds and the corresponding matching revenue.

Overall, 66% of the Department's budget adjustments are directly attributable to changes in federal funds

- \$29,160,500 in federal funds were increased in the Medicaid Program
- \$20,752,085 in federal funds were decreased in the Food Stamp Program;
- \$6,098,945 in federal funds were increased to fund computer enhancement projects

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

F. GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

Below are highlights of adjustments.

- Category transfers and increases to address shifts in priorities were prepared in Program Support to fund costs associated with the General Services Department usage fees.
- Information technology budgets to support the implementation of the HIPAA, ISD, and EDMS projects. Approximately \$6,098,945 million in federal funds and \$4,346,280 in state funds/fund balance were added to the Division of Information Technology budget for special computer enhancement projects.

Federal funds were increased in Medicaid Administration Budget to fund various grant programs such as Workers with Disabilities Initiative,; and leveraged against various foundation grants such as Robert Wood Johnson Foundation and McCune Charitable Foundation. Also included were significant increases to fund billings from Department of Health and Children, Youth and Families Department.

- Income Support administration budget was increased by \$500,000 pursuant to a General Fund appropriation to the Public Education Department to reimburse the Human Services Department for the cost of storing and transporting food stores for school across the state. In addition, various budget adjustments were made throughout the administrative and program budgets to address operational and service delivery priorities.

Amended Budget Compared to Actual Expenditures and Revenues

There was a net favorable budget variance of \$2,067,601. This is primarily the result of revenue from prior-period non-federal revenue recognized in the current period. Revenue is used to support administrative and program expenditures. Budget to actual revenue comparisons reflect variances at the fund level, but not at the appropriation level.

The amended estimated expenditures and other financing uses exceeded the actual expenditures by \$21,035,504. The variance is mainly a result of unspent contractual services budget in the Medical Assistance Division associated with the School Based Health Care program; unspent funds and budget from the Robert Wood Johnson State Coverage Initiative Grant; and prior-period accrual adjustments. In addition, some appropriations for various federal contracts were not fully expended.

The difference between the final budgeted amount and the original budgeted amount was caused by the lower than anticipated RMS allocation to federal programs. During the course of the fiscal year, the Random Moment Sampling (RMS) resulted in a lower than

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008

F. GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

anticipated allocation to Federal Sources. The decrease in the allocation to Federal Sources resulted in a decrease in federal revenue reimbursement for indirect costs associated with Program Support and Income Support Division (ISD) Administration.

Actual Revenues and Sources versus Actual Expenditures and Uses

After GAAP and audit adjustments, actual expenditures, actual revenues and other financing sources exceeded actual expenditures and other financing uses by \$2,067,601. This is a result primarily due to prior period non-federal revenue adjustments being recognized in the current period.

The difference between the final budgeted amount and the original budgeted amount was caused by the lower than anticipated RMS allocation to the TANF program.

G. CAPITAL ASSETS AND DEBT MANAGEMENT

Capital Assets

The Department's investment in capital assets as of June 30, 2008, at cost, amounted to \$10,611,114 or \$4,870,350 net of accumulated depreciation. This investment in capital assets includes automobiles, equipment and machinery, data processing, and furniture and fixtures. The total increase in the Department's investment in capital assets for the current period was 36%. The largest part of the increase resulted from the purchase of data processing equipment.

Total depreciation expense for the year was \$259,001. All depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Capital Assets for the Department are presented in Note 4 on page 43 to illustrate changes from the prior year.

Debt

At June 30, 2008 the Department had no long-term debt resulting from borrowing.

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2008**

H. THINGS AFFECTING THE DEPARTMENT'S FUTURE

The state of the economy is of utmost concern in the near future. General Fund estimates for Fiscal 2009 and 2010 will create the need for budget reduction in FY 2009 and a scaling back of the department's expected appropriation in FY 2010. Meanwhile, at the federal level, significant efforts are underway to support the states through a stimulus package or through regulatory initiatives; several of which will affect several HSD programs. Regulatory changes generally mean an increase in the federal reporting requirement or could require that maintenance of effort be expanded at a time when state expenditures are falling.

The health of the Department's major information technology systems will require attention in the near future. Competition for limited state funding will be stiff, but if successful could bring matching federal funds to replace the most vulnerable of those systems, ISD2. This is the application processing system that determines eligibility for the Medicaid and Income Support programs and the system used to process benefits for the Income Support programs.

Healthcare for all New Mexicans remains a major focus for the current administration and the Department. Finding alternatives to provide coverage in the face of the declining resources will be a major challenge.

I. CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

The Department's financial statements are designed to present users with a 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, contact the Department's CFO, Elaine Olah, at Administrative Services Division, NM Human Services Department, PO Box 2348, Santa Fe, New Mexico 87504-2348.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
DEPARTMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash	\$ 59,024	25,000	84,024
Receivables			
Federal grants	574,260,877	-	574,260,877
Accounts receivable - net	3,313,721	-	3,313,721
Due from external parties	35,952	-	35,952
Due from (to) other funds	25,000	(25,000)	-
Due from other state agencies	29,763,408	-	29,763,408
Net receivables	607,398,958	(25,000)	607,373,958
Supplies and commodities inventory	502,839	-	502,839
Total current assets	607,960,821	-	607,960,821
Capital assets - net	4,870,350	-	4,870,350
Total assets	612,831,171	-	612,831,171
LIABILITIES			
Current Liabilities			
Accounts payable and accrued payroll	34,862,154	-	34,862,154
Healthcare services payable	158,085,077	-	158,085,077
Cash advance from State Treasurer Investment Pool	367,069,077	-	367,069,077
Reversion payable to State General Fund	625,714	-	625,714
Compensated absences	4,426,236	-	4,426,236
Other liabilities	4,990,652	-	4,990,652
Due to other state agencies	32,940,681	-	32,940,681
Unearned federal revenue	273,148	-	273,148
Due to external parties	105,430	-	105,430
Due to other entities	899,978	-	899,978
Total liabilities	604,278,147	-	604,278,147
Net Assets (Deficit)			
Invested in capital assets	4,870,350	-	4,870,350
Restricted for special programs	7,819,651	-	7,819,651
Unrestricted (deficit)	(4,136,977)	-	(4,136,977)
Total net assets	\$ 8,553,024	-	8,553,024

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
DEPARTMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Healthcare services	\$ 3,122,389,005	53,634,323	2,244,523,155	(824,231,527)	-	(824,231,527)
Financial assistance	365,705,383	6,127,804	343,216,657	(16,360,922)	-	(16,360,922)
General government	325,033,833	6,643,612	207,502,189	(110,888,032)	-	(110,888,032)
Total governmental activities	3,813,128,221	66,405,739	2,795,242,001	(951,480,481)	-	(951,480,481)
Business-Type Activities						
Small Employer Insurance Program	25,000	-	-	(25,000)	(25,000)	(25,000)
Total government	\$ 3,813,153,221	66,405,739	2,795,242,001	(951,505,481)	(25,000)	(951,530,481)
General Revenues						
State general fund appropriations				835,836,900	-	835,836,900
Reversion of State general fund appropriations - 2008				(493,542)	-	(493,542)
Transfers from other state agencies				117,178,792		117,178,792
Total general revenues and transfers				952,522,150	-	952,522,150
Change in net assets				1,041,669	(25,000)	1,016,669
Net assets - beginning of year				7,511,355	25,000	7,536,355
Net assets - end of year				\$ 8,553,024	-	8,553,024

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2008

	General (052)	Data Processing Appropriations (901)	Income Support L Warrants (974)	Income Support N Warrants (975)	Medical Assistance (976)	Total Governmental Funds
ASSETS						
Cash	\$ 1,250	-	-	-	57,774	59,024
Receivables						
Federal grants	128,831,159	5,354,512	6,213,916	16,539,464	417,321,826	574,260,877
Accounts receivable - net	2,294,918	-	-	178,933	839,870	3,313,721
Due from other state agencies	3,361,557	393,868	-	-	26,007,983	29,763,408
Interfund receivables	103,214	210,773	239	65,732	1,474	381,432
Net receivables	134,590,848	5,959,153	6,214,155	16,784,129	444,171,153	607,719,438
Supplies and commodities inventory	289,259	-	-	213,580	-	502,839
Total assets	\$ 134,881,357	5,959,153	6,214,155	16,997,709	444,228,927	608,281,301
LIABILITIES AND FUND BALANCES						
Accounts payable and accrued payroll	\$ 23,629,765	2,883,454	291,212	7,474,187	583,536	34,862,154
Healthcare services payable	-	-	-	-	158,085,077	158,085,077
Cash advance from State Treasurer						
Investment Pool	70,881,391	2,082,619	3,560,653	8,746,664	281,797,750	367,069,077
Reversion payable to State General Fund	392,485	88,697	60,448	83,758	326	625,714
Other liabilities	1,397,577	4,211	251,781	82,318	3,254,765	4,990,652
Due to other state agencies	31,913,423	350,000	144,252	25,533	507,473	32,940,681
Deferred federal revenue	59,568	-	-	213,580	-	273,148
Interfund payables	354,615	746	-	70,549	-	425,910
Due To Other Entities	308,653	-	290,205	301,120	-	899,978
Total liabilities	128,937,477	5,409,727	4,598,551	16,997,709	444,228,927	600,172,391
Commitments and contingencies						
Fund balances (deficit)						
Reserved for inventory	289,259	-	-	-	-	289,259
Reserved for special programs	5,654,621	549,426	1,615,604	-	-	7,819,651
Unreserved - undesignated (deficit)	-	-	-	-	-	-
Total fund balances	5,943,880	549,426	1,615,604	-	-	8,108,910
Total liabilities and fund balances	\$ 134,881,357	5,959,153	6,214,155	16,997,709	444,228,927	608,281,301

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
RECONCILIATION OF DEPARTMENT-WIDE STATEMENT
OF NET ASSETS TO GOVERNMENTAL
FUNDS BALANCE SHEET
Year Ended June 30, 2008

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

Fund balances of governmental funds	\$ 8,108,910
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,870,350
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	<u>(4,426,236)</u>
Net assets of governmental activities	<u><u>\$ 8,553,024</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2008

	General (052)	Data Processing Appropriations (901)	Income Support L Warrants (974)	Income Support N Warrants (975)	Medical Assistance (976)	Total Governmental Funds
Revenues						
Federal grants	\$ 201,905,789	5,596,400	14,409,648	328,807,009	2,244,523,155	2,795,242,001
Other revenues	10,545,416	-	-	2,226,000	53,634,323	66,405,739
Total revenues	212,451,205	5,596,400	14,409,648	331,033,009	2,298,157,478	2,861,647,740
Expenditures-current						
Healthcare services						
Contractual services	-	-	-	-	3,851,080	3,851,080
Healthcare services	-	-	-	-	3,078,565,492	3,078,565,492
Other operating costs	-	-	-	-	56,991	56,991
Total healthcare services	-	-	-	-	3,082,473,563	3,082,473,563
Financial assistance						
Personal services	-	-	-	594,664	-	594,664
Contractual services	-	-	-	15,272,973	-	15,272,973
Financial assistance	-	-	14,976,627	334,335,857	-	349,312,484
Other operating costs	-	-	419,547	105,715	-	525,262
Total financial assistance	-	-	15,396,174	350,309,209	-	365,705,383
General government						
Personal services	98,482,538	-	-	-	-	98,482,538
Contractual services	112,676,627	5,246,836	-	-	-	117,923,463
Other operating costs	45,265,633	1,805,367	-	-	-	47,071,000
Total general government	256,424,798	7,052,203	-	-	-	263,477,001
Expenditures-capital outlay	-	1,902,357	-	-	-	1,902,357
Total expenditures	256,424,798	8,954,560	15,396,174	350,309,209	3,082,473,563	3,713,558,304
Excess (deficiency) of revenue over expenditures	(43,973,593)	(3,358,160)	(986,526)	(19,276,200)	(784,316,085)	(851,910,564)
Other financing sources (uses)						
State General Fund appropriations	103,442,262	-	1,900,000	19,243,699	711,250,939	835,836,900
Transfers in from other state agencies	3,531,586	666,618	-	-	112,980,588	117,178,792
Transfers out to other state agencies	(60,610,546)	-	-	-	(39,915,442)	(100,525,988)
Reversions - 2008	(322,108)	(88,697)	(17,612)	(65,125)	-	(493,542)
Total other financing sources (uses)	46,041,194	577,921	1,882,388	19,178,574	784,316,085	851,996,162
Net change in fund balances	2,067,601	(2,780,239)	895,862	(97,626)	-	85,598
Fund balance, beginning of year	3,876,279	3,329,665	719,742	97,626	-	8,023,312
Fund balances, end of year	\$ 5,943,880	549,426	1,615,604	-	-	8,108,910

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
RECONCILIATION OF DEPARTMENT-WIDE STATEMENT OF
ACTIVITIES TO GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 2008

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

Changes in fund balance of governmental funds	\$ 85,598
Amounts reported for governmental activities in the statement of net assets are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is the amount of capital outlay expenditures which were capitalized in the statement of net assets.	1,555,781
Depreciation expenses not recorded in the governmental funds	(259,001)
Loss on capital assets due to disposal	(11,004)
Compensated absences do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the net change in compensated absences during the year.	<u>(329,705)</u>
Changes in net assets of governmental activities	<u><u>\$ 1,041,669</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FUND 052 - GENERAL FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Budgetary Actual	Variance Over (Under)
Revenues				
Miscellaneous	\$ 11,147,700	11,491,834	10,545,416	(946,418)
Federal grants	197,666,300	217,691,417	201,905,789	(15,785,628)
Fund balance	-	402,500	-	(402,500)
Total revenues	208,814,000	229,585,751	212,451,205	(17,134,546)
Expenditures				
Personal services	99,076,200	101,834,948	98,482,538	(3,352,410)
Contractual services	118,986,900	125,600,164	112,676,627	(12,923,537)
Healthcare services	-	-	-	-
Other costs	38,079,600	47,998,127	45,265,633	(2,732,494)
Total expenditures	256,142,700	275,433,239	256,424,798	(19,008,441)
Excess (deficiency) of revenues over expenditures	(47,328,700)	(45,847,488)	(43,973,593)	1,873,895
Other financing sources (uses)				
Other financing sources				
General fund appropriation	97,702,500	103,179,100	103,442,263	263,163
Compensation package	924,900	924,900	924,900	-
Supplemental	-	-	-	-
Transfers in - from other state agencies	2,520,100	4,703,206	2,606,686	(2,096,520)
Other financing uses				
Transfers out - to other state agencies	(53,818,800)	(62,959,718)	(60,610,546)	2,349,172
Transfers out - reversions	-	-	(322,109)	(322,109)
Total other financing sources	47,328,700	45,847,488	46,041,194	193,706
Net change in fund balance	\$ -	-	2,067,601	2,067,601

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FUND 901 - DATA PROCESSING APPROPRIATIONS
SPECIAL REVENUE FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Budgetary Actual	Variance Over (Under)
Revenues				
Miscellaneous	\$ -	-	-	-
Federal grants	-	6,098,945	5,596,400	(502,545)
Fund balance	-	3,329,662	-	(3,329,662)
Total revenues	-	9,428,607	5,596,400	(3,832,207)
Expenditures				
Personal services	-	100,000	-	(100,000)
Contractual services	-	6,166,347	5,246,836	(919,511)
Other operating costs	-	4,178,878	3,707,724	(471,154)
Other costs	-	-	-	-
Total expenditures	-	10,445,225	8,954,560	(1,490,665)
Excess (deficiency) of revenues over expenditures	-	(1,016,618)	(3,358,160)	(2,341,542)
Other financing sources (uses)				
Other financing sources				
General fund appropriation	-	-	-	-
Compensation package	-	-	-	-
Supplemental	-	1,016,618	666,618	(350,000)
Transfers in - from other state agencies	-	-	-	-
Other financing uses				
Transfers out - to other state agencies	-	-	-	-
Transfers out - reversions	-	-	(88,697)	(88,697)
Total other financing sources	-	1,016,618	577,921	(438,697)
Net change in fund balance	\$ -	-	(2,780,239)	(2,780,239)

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FUND 974 - INCOME SUPPORT L WARRANTS
SPECIAL REVENUE FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Budgetary Actual	Variance Over (Under)
Revenues				
Miscellaneous	\$ -	-	-	-
Federal grants	10,400,000	15,930,149	14,409,648	(1,520,501)
Fund balance	719,744	719,744	-	(719,744)
Total revenues	<u>11,119,744</u>	<u>16,649,893</u>	<u>14,409,648</u>	<u>(2,240,245)</u>
Expenditures				
Personal services	-	-	-	-
Contractual services	-	-	-	-
Financial assistance	11,119,744	18,549,893	15,396,174	(3,153,719)
Other costs	-	-	-	-
Total expenditures	<u>11,119,744</u>	<u>18,549,893</u>	<u>15,396,174</u>	<u>(3,153,719)</u>
Excess (deficiency) of revenues over expenditures	-	(1,900,000)	(986,526)	913,474
Other financing sources (uses)				
Other financing sources				
General fund appropriation	-	1,900,000	1,900,000	-
Compensation package	-	-	-	-
Supplemental	-	-	-	-
Transfers in - from other state agencies	-	-	-	-
Other financing uses				
Transfers out - to other state agencies	-	-	-	-
Transfers out - reversions	-	-	(17,612)	(17,612)
Total other financing sources	<u>-</u>	<u>1,900,000</u>	<u>1,882,388</u>	<u>(17,612)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>895,862</u>	<u>895,862</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FUND 975 - INCOME SUPPORT N WARRANTS
SPECIAL REVENUE FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Budgetary Actual	Variance Over (Under)
Revenues				
Miscellaneous	\$ 2,226,000	2,226,000	2,226,000	-
Federal grants	372,819,400	346,067,315	328,807,009	(17,260,306)
Fund balance	-	-	-	-
Total revenues	<u>375,045,400</u>	<u>348,293,315</u>	<u>331,033,009</u>	<u>(17,260,306)</u>
Expenditures				
Personal services	1,000,000	1,000,000	594,664	(405,336)
Contractual services	16,450,000	16,750,000	15,272,973	(1,477,027)
Financial assistance	377,020,000	349,967,915	334,441,572	(15,526,343)
Other costs	-	-	-	-
Total expenditures	<u>394,470,000</u>	<u>367,717,915</u>	<u>350,309,209</u>	<u>(17,408,706)</u>
Excess (deficiency) of revenues over expenditures	<u>(19,424,600)</u>	<u>(19,424,600)</u>	<u>(19,276,200)</u>	<u>148,400</u>
Other financing sources (uses)				
Other financing sources				
General fund appropriation	19,424,600	19,424,600	19,243,699	(180,901)
Compensation package	-	-	-	-
Supplemental	-	-	-	-
Transfers in - from other state agencies	-	-	-	-
Other financing uses				
Transfers out - to other state agencies	-	-	-	-
Transfers out - reversions	-	-	(65,125)	(65,125)
Total other financing sources	<u>19,424,600</u>	<u>19,424,600</u>	<u>19,178,574</u>	<u>(246,026)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(97,626)</u>	<u>(97,626)</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FUND 976 - MEDICAL ASSISTANCE
SPECIAL REVENUE FUND
Year Ended June 30, 2008

	Original Budget	Final Budget	Budgetary Actual	Variance Over (Under)
Revenues				
Miscellaneous	\$ 57,891,000	66,834,000	53,634,323	(13,199,677)
Federal grants	2,248,664,500	2,257,665,000	2,244,523,155	(13,141,845)
Fund balance	-	-	-	-
Total revenues	<u>2,306,555,500</u>	<u>2,324,499,000</u>	<u>2,298,157,478</u>	<u>(26,341,522)</u>
Expenditures				
Personal services	-	-	-	-
Contractual services	4,357,200	4,007,200	3,851,080	(156,120)
Healthcare services	3,072,579,300	3,084,894,700	3,078,622,483	(6,272,217)
Other costs	-	-	-	-
Total expenditures	<u>3,076,936,500</u>	<u>3,088,901,900</u>	<u>3,082,473,563</u>	<u>(6,428,337)</u>
Excess (deficiency) of revenues over expenditures	<u>(770,381,000)</u>	<u>(764,402,900)</u>	<u>(784,316,085)</u>	<u>(19,913,185)</u>
Other financing sources (uses)				
Other financing sources				
General fund appropriation	719,173,200	711,333,200	711,250,939	(82,261)
Compensation package	-	-	-	-
Supplemental	-	-	-	-
Transfers in - from other state agencies	107,091,000	108,952,900	112,980,588	4,027,688
Other financing uses				
Transfers out - to other state agencies	(55,883,200)	(55,883,200)	(39,915,442)	15,967,758
Transfers out - reversions	-	-	-	-
Total other financing sources	<u>770,381,000</u>	<u>764,402,900</u>	<u>784,316,085</u>	<u>19,913,185</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BALANCE SHEET - ENTERPRISE FUND
SMALL EMPLOYER INSURANCE PROGRAM
June 30, 2008

ASSETS

Current assets

Interest in State Treasurer investment pool	\$ 25,000
Total current assets	<u>25,000</u>

Total assets	<u><u>\$ 25,000</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Due to other funds	25,000
Total current liabilities	<u>25,000</u>

NET ASSETS

Unrestricted	<u>-</u>
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Total liabilities and net assets	<u><u>\$ 25,000</u></u>
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See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
SMALL EMPLOYER INSURANCE PROGRAM
Year Ended June 30, 2008

Operating Revenues	\$ -
Operating Expenses	<u>25,000</u>
Operating income (loss)	(25,000)
Non-Operating Revenues (Expenses)	<u>-</u>
Net income (loss)	(25,000)
Transfers from other state agencies	<u>-</u>
Change in net assets	(25,000)
Net assets, beginning of year	<u>25,000</u>
Net assets, end of year	<u><u>\$ -</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
SMALL EMPLOYER INSURANCE PROGRAM
Year Ended June 30, 2008

Non-Capital Financing Activities	
Cash disbursements for other funds	\$ (11,984)
Capital and Related Financing Activities	
Transfers from other state agencies	<u>-</u>
Net decrease in cash	(11,984)
Cash at beginning of year	<u>36,984</u>
Cash at end of year	<u><u>\$ 25,000</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (25,000)
Adjustments to reconcile net income to net cash provided by operating activities	-
Increase in due to other funds	<u>25,000</u>
Net cash provided by operating activities	<u><u>\$ -</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
STATEMENT OF FIDUCIARY NET ASSETS-AGENCY FUND 978
June 30, 2008

ASSETS

Current Assets

Interest in State Treasurer Investment Pool	\$ 2,319,948
Other receivables, net of an allowance of \$1,825,950	598,904
Due from other agencies	26,758
Due from external parties	105,430
Total Assets	<u><u>\$ 3,051,040</u></u>

LIABILITIES

Current Liabilities

Deposits held in trust for others	\$ 2,416,915
Due to other state agencies	51
Other liabilities	598,122
Due to external parties	35,952
Total Liabilities	<u><u>\$ 3,051,040</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1. ORGANIZATION AND PURPOSE

The State of New Mexico Human Services Department (Department) is the primary provider of social welfare services to the citizens of New Mexico (State). Specific programs accomplish a number of services including income support, medical assistance, behavioral health, food stamp distribution, commodity distribution and child support enforcement.

The State of New Mexico Human Services Department (Department) is the primary provider of social welfare services to the citizens of New Mexico (State). Specific programs accomplish a number of services including income support, medical assistance, food stamp distribution, commodity distribution and child support enforcement. The chief executive of the Department is the Department Secretary, who is appointed by the Governor of New Mexico and is a member of the Governor's cabinet. The Department's functions are administered by the Office of the Secretary, and through the Behavioral Health Services, Child Support Enforcement, Medical Assistance, and Income Support Divisions. Overall support is provided by the Administrative Services Division; technical support is provided by the Information Technology Division. There are no component units of the Department.

The accompanying financial statements of the Department include all funds and activities over which the Department has oversight responsibility. Even though the Governor appoints the Department Secretary, the Secretary has decision-making authority, the power to designate management, the responsibility to significantly influence operations, and is primarily accountable for fiscal matters. The Department is part of the primary government of the state of New Mexico, and its financial data is included with the financial data in the state of New Mexico's Comprehensive Annual Financial Report. These financial statements present financial information that is attributable to the Department and does not purport to present the financial position of the State of New Mexico.

Legislation and regulations at all levels of government have affected, and are likely to continue to affect, the operations of the Department. As a department of the state of New Mexico, the Department is exempt from paying federal income tax.

As the primary provider of social welfare programs in New Mexico, the Department is dependent on governmental funding and appropriations. For the year ended June 30, 2008, federal revenue represented 73.3% of the Department's total revenue.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Department have been prepared in conformity with generally accepted accounting principles (GAAP) for governmental units pursuant to the statements of the Governmental Accounting Standards Board. The Department has elected not to apply pronouncements of the Financial Accounting Standards Board issued subsequent to November 30, 1989. The more significant accounting policies of the Department are described below.

Department-Wide and Fund Financial Statements

The department-wide financial statements include two statements: the statement of net assets and the statement of activities. The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the Department. The effect of interfund activity has been eliminated from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. The functions of the Department have been defined as medical assistance, behavioral health, financial assistance, and general government. Medical assistance consists primarily of transactions in fund 976, and financial assistance consists primarily of transactions in funds 974 and 975. Transactions in all other funds have been classified as general government.

Program revenues include (1) charges to applicants for provision of healthcare services, financial assistance, and government services and (2) operating grants and contributions. Program revenues included in the statement of activities reduce the cost of the function to be financed from general revenues. Items not properly identified as program revenues are reported instead as general revenues.

The Department reports all direct expenses by program in the statement of activities. Direct expenses are those clearly identifiable with a function. All indirect expenses are recorded in the general government functional expense category.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operations of the Small Employer Insurance Program fund have not yet started, and, therefore there are no operating revenues or expenses in this fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

Fund Accounting

The Department uses funds to report on its financial position and the changes in financial position. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Funds of the Department are classified into two categories: governmental and fiduciary.

Governmental Funds are used to account for most of the Department's general activities, including the collection and disbursement of earmarked monies (special revenue funds). The General Fund is used to account for all activities of the Department not required to be accounted for in other funds. Special Revenue Funds account for the use of restricted resources.

The Fiduciary Fund is used to account for assets held on behalf of outside parties or on behalf of other funds within the Department. Agency funds generally are used to account for assets that the Department holds on behalf of others as their fiscal agent. The Department's fiduciary fund (fund 978) does not receive any funding from the state or federal government. Costs of administering fund 978 are recorded in the Department's General Fund.

Separate financial statements are provided for governmental funds and the fiduciary fund. In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, the fiduciary funds are excluded from the department-wide financial statements as they do not represent resources available to fund the Department's programs. Major individual governmental funds are reported as separate columns in the fund financial statements. Funds 901 and 974 are included as major funds as the Department desires to highlight the funds.

The Department presents the following governmental funds, all of which are major:

Fund 052 - General Fund

General Fund is used to account for the general operations of the Department in carrying out its specific functions and behavioral health services. Sources of revenue are primarily from state appropriations and federal grants (to fund program administrative costs). Unexpended state appropriations in fund 052 revert back to the State's general fund for reappropriation. The Department determines reversions by tracking expenditures for special appropriations and contributions separately.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

Fund 901 - Special Revenue Fund (General Appropriation Act of 2003, Laws of 2003, Chapter 76)

Data Processing Appropriations is used to track special appropriations for specific information technology projects. Unexpended state appropriations in fund 901 revert back to the State's general fund for reappropriation when the appropriation period expires. Appropriations in this fund are multi-year appropriations.

Fund 974 - Special Revenue Fund (Section 6-5-9 NMSA 1978)

Income Support L Warrants is used to account for "L" Warrants. "L" Warrants are issued to Low Income Home Energy Assistance Program vendors for energy assistance to qualified clients, various other vendors for work, educational assistance, and child care provided to qualified clients. Unexpended state appropriations in fund 974 revert back to the State's general fund for reappropriation.

Fund 975 - Special Revenue Fund (Section 6-5-9 NMSA 1978)

Income Support N Warrants is used to account for "N" Warrants. "N" Warrants are issued to the State Treasurer's Office (STO) to pay the electronic transactions for food benefits and financial assistance. These manual warrants are based on the actual draws made by clients on a daily basis. System generated "N" Warrants are issued to General Assistance clients when the client requires benefits before they receive the EBT card. Unexpended state appropriations in fund 975 revert back to the State's general fund for reappropriation.

Fund 976 - Special Revenue Fund (Section 6-5-9 NMSA 1978)

Medical Assistance is used to account for the "P" Warrants. "P" Warrants are issued to all vendors who provide Medicaid services to eligible clients. Unexpended state appropriations in fund 976 revert back to the State's general fund for reappropriation. Medicaid payments may be expended by the Department for Medicaid obligations incurred in prior fiscal years.

In addition to the governmental funds, the Department maintains the following enterprise and fiduciary funds:

Fund 979 –Small Employer Insurance Program – Enterprise Fund. This fund is used to account for the Small Employer Insurance Program established by NMSA 1978 10-7B-6(B). Unexpended balances do not revert to the State's general fund. This fund will be closed effective June 30, 2008 and was not budgeted during the year.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

Fund 978 -Agency Fund

Child Support Enforcement is a fiduciary agency fund. The Fund is used to record the receipt of child support payments from noncustodial parents. The funds received from the noncustodial parents are transmitted to custodial parents. None of the funds recorded in fund 978 are used to support the Department's programs.

The Child Support Enforcement Division (CSED) aids New Mexico residents in obtaining support from noncustodial parents who have not made payments for their dependent children. In a number of these cases, the child is a recipient of financial assistance, and some of the payments collected from the parent may be retained by the Department as reimbursement of financial assistance to the child under other programs.

The Department estimates that noncustodial parents owe custodial parents a significant amount of past due support. An allowance for doubtful accounts has been recorded equal to the full amount owed by the noncustodial parents that the Department estimate will be uncollectible resulting in a net receivable balance of zero in these financial statements. A significant portion of the amount is payable either to third parties such as the individual on whose behalf the payment was originally required or the U.S. Department of Health and Human Services for cases in which a child is receiving financial assistance from that department.

Basis of Accounting

The government-wide financial statements and, enterprise and agency funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance (deficit) for these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

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

The modified accrual basis of accounting is used for all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental fund revenues. Those revenues susceptible to accrual are primarily amounts due from the federal government and other state agencies. Expenditures are recorded when the related fund liability is incurred.

Specifically, all revenues are recognized as follows:

1. State general fund appropriations, which must be used in a specified manner, are recognized when authorized, all eligibility requirements have been met, and the resources are available.
2. Federal and other grants revenues are recognized when the applicable eligibility criteria, including time requirements, are met and the resources are available. Resources received for which applicable eligibility criteria have not been met are reflected as deferred revenues in the accompanying financial statements.
3. Issuances of food stamps to recipients, all of which are electronic, are reflected as expenditures with corresponding federal revenue recognized at that time.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Department considers cash on hand, cash deposits and the interest in the State Treasurer Investment Pool to be cash and cash equivalents.

Capital Assets

Capital assets, which include automobiles, equipment (including software), machinery, furniture and fixtures, are reported in the government-wide financial statements. Assets are capitalized by the Department if the cost of the item is more than \$5,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The Department purchases and produces computer software. The direct cost of materials and services consumed in developing and computer software, including payroll costs, are capitalized.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Automobiles	4 to 10 years
Equipment and machinery	5 to 10 years
Data processing	3 to 7 years
Furniture and fixtures	7 to 10 years

Supplies and Commodity Inventories

Supplies and commodity inventory is valued at an average unit cost which approximates the lower of cost or market method. Issuances of commodities to recipients are reflected as expenditures with corresponding federal revenue recognized at that time.

Other Liabilities

Other liabilities consist primarily of estimated program liabilities.

Compensated Absences

State employees may elect to be paid for accrued sick leave in excess of 600 hours at a rate equal to 50% of their hourly rate, not to exceed 120 hours (60 net hours can be paid) per fiscal year. In the case of retiring employees, up to 400 net hours of sick leave can be paid at a rate equal to 50% of their hourly rate. The Department has accrued a liability for sick leave in the government-wide financial statements.

The Department has accrued a liability for vacation pay which has been earned but not taken by Department employees. In the event of termination or retirement, an employee is reimbursed for accumulated vacation up to 240 hours plus compensatory time. Such leave has been accrued for in the governmental activities column of the department-wide statement of net assets in the accompanying financial statements. Accrued vacation is calculated based on pay rate plus required taxes.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

Net Assets

The government-wide financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets (net of related debt) – is intended to reflect the portion of net assets which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. *Restricted Net Assets* – are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitations on their use. Such restrictions are legally enforceable.

Unrestricted Net Assets – represent unrestricted liquid assets.

For the department-wide financial statements, it is the policy of the Department that restricted resources are applied first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Other Revenues and Transfers

Other revenues consist primarily of the state's portion of reimbursements for previous overpayments of benefits.

Transfers in from (out to) other state agencies and governmental units are recorded as other financing sources (uses).

Budgetary Data

The Department prepares budgets for its governmental funds, which are subject to approval by the New Mexico Department of Finance and Administration (DFA), based upon the appropriations made by the State Legislature. Budgets are controlled at the appropriation unit level (personal services, employee benefits, etc.), and amendments affecting a category are approved by DFA and the Legislative Finance Committee (LFC). Expenditures may not exceed appropriations at this level.

The unexpended balances of the State General Fund appropriation to the Department are to be reverted to the State General Fund at the end of each fiscal year. The Department also receives funding from various special and supplemental appropriations. The language of a particular appropriation determines when it lapses and whether or not unexpended balances revert to the State General Fund.

The budgets for the governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

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

The budget is adopted on a modified accrual basis of accounting (General Appropriations Act, Laws of 2006, Chapter 109, Section 3, Subsections O and N) except for accounts payable accrued at the end of the fiscal year that do not get paid by the statutory deadline (Section 6-10-4 NMSA 1978) that must be paid out of the next year's budget. A reconciliation of budgetary basis to GAAP basis will be necessary if any accounts payable at the end of the fiscal year are not paid by the statutory deadline. The Department has not included such reconciliation for fiscal year 2008 as all payables were paid by the statutory deadline.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Healthcare Services Payable

Healthcare expenditures are accrued in the period during which services are provided and are based, in part, on estimates of accrued services provided but not yet reported by the providers to the Department. Healthcare services payable in the accompanying financial statements are estimates of payments to be made to providers for reported claims and for claims not yet reported to the Department. Management develops these estimates using actuarial methods based upon historical data for payment patterns, cost trends, utilization of healthcare services, and other relevant factors. When estimates change, the Department records the adjustment in healthcare services expense in the period the change in estimate occurs. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts recorded. While the ultimate amount of claims and the related payments are dependent on future developments, the Department believes that the reserves for claims are adequate to cover such claims and expenditures.

Pursuant Chapter 6, Article 10, Section 4(B) NMSA 1978, appropriations to the Department for Medicaid payments may be expended for Medicaid obligations for prior fiscal years.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. CASH AND CASH ADVANCES

The interest in State Treasurer Investment Pool is in accounts that are pooled with other state funds on deposit in the State Treasurer's name at commercial banking and other financial institutions. Information regarding the adequacy of collateralization of deposits is not known to individual agencies and is the responsibility of the State Treasurer. To obtain pledged collateral, investment risk, and insurance coverage information for the Department's State Treasurer deposits, a copy of separately issued financial statements can be obtained from the State Treasurer's Office. At June 30, 2008, funds 052 and 978 have advances from the State Treasurer primarily due to outstanding warrants that have not been presented.

In accordance with Chapter 6, Article 10 NMSA 1978, annotated, the Department is required to deposit its funds with the New Mexico State Treasurer or, in special circumstances, in bank accounts approved by the New Mexico State Treasurer. The Department can withdraw its funds from the State Treasurer as needed and therefore considers them to be cash equivalents. All earnings on deposits are retained by the State General Fund; therefore, from the Department's perspective, the cash balances are non-interest bearing and stated at cost.

The cash balance on deposit with Los Alamos Bank and Wells Fargo Bank as of June 30, 2008 that exceed the Federal Deposit Insurance Corporation (FDIC) insured coverage of \$100,000 is fully collateralized with securities pledged by the respective Bank. Detail of pledged collateral specific to this agency is unavailable because the bank commingles pledged collateral for all state funds it holds. However, the State Treasurer's Office Collateral Bureau monitors pledged collateral for all state funds held by state agencies in such authorized bank accounts.

Cash consists of the following:

Governmental Funds	
Cash on deposit with State Treasurer	\$ -
Wells Fargo Bank	57,774
Petty cash	<u>1,250</u>
Total governmental funds cash	<u>59,024</u>
Enterprise Fund	
Interest in State Treasurer Investment Pool	<u>25,000</u>
Fiduciary Fund	
Cash on deposit with State Treasurer	<u>2,319,948</u>
Total cash	<u>\$ 2,403,972</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 3. CASH AND CASH ADVANCES (CONTINUED)

Cash advance from State Treasurer Investment Pool	
Fund 052	\$ 70,881,392
Fund 901	2,082,619
Fund 974	3,560,653
Fund 975	8,746,663
Fund 976	<u>281,797,750</u>
Net cash	<u>\$ 367,069,077</u>

NOTE 4. CAPITAL ASSETS

Governmental Activities:

	June 30, 2007	Additions	Deletions	June 30, 2008
Capital Assets				
Automobiles	\$ 900,068	110,883	(125,241)	885,710
Equipment and machinery	1,003,683	70,615	(62,184)	1,012,114
Data processing	7,529,742	1,374,283	(251,646)	8,652,379
Furniture and fixtures	60,911	-	-	60,911
Total capital assets	<u>9,494,404</u>	<u>1,555,781</u>	<u>(439,071)</u>	<u>10,611,114</u>
Accumulated depreciation				
Automobiles	(747,190)	(80,180)	125,240	(702,130)
Equipment and machinery	(852,406)	(68,266)	62,182	(858,490)
Data processing	(4,271,923)	(100,973)	240,645	(4,132,251)
Furniture and fixtures	(38,311)	(9,582)	-	(47,983)
Total accumulated depreciation	<u>(5,909,830)</u>	<u>(259,001)</u>	<u>428,067</u>	<u>(5,740,764)</u>
Total capital assets – net	<u>\$ 3,584,574</u>	<u>1,296,780</u>	<u>(11,004)</u>	<u>4,870,350</u>

Current year depreciation expense of \$259,001 was allocated entirely to the general government function in the government-wide statement of activities.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At June 30, 2008, accounts payable and accrued expenses consisted of the following:

	Contractual Services	Job Training Services	Management Information Systems	Grant Recipients	Total
Major Governmental Funds					
General Fund	\$ 23,629,764	-	-	-	23,629,764
Data Processing Appropriations	2,351,448	-	532,006	-	2,883,454
Income Support L Warrants	-	-	-	291,212	291,212
Income Support N Warrants	7,442,128	32,059	-	-	7,474,187
Medical Assistance	583,537	-	-	-	583,537
	<u>\$ 34,006,877</u>	<u>32,059</u>	<u>532,006</u>	<u>291,212</u>	<u>34,862,154</u>

The Department has recorded all of the accrued compensated absences as a current liability on the statement of net assets.

NOTE 6. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences consist of the following:

	June 30, 2007	Additions	Deletions	June 30, 2008
Annual leave	\$ 3,472,399	3,948,496	(3,472,399)	3,948,496
Sick leave	105,285	123,669	(105,285)	123,669
Compensatory time	518,847	354,071	(518,847)	354,071
Total compensated absences	<u>\$ 4,096,531</u>	<u>4,426,236</u>	<u>(4,096,531)</u>	<u>4,426,236</u>

Resources of the Department's General Fund will be utilized to liquidate the compensated absences liability which is expected to be liquidated in the coming year.

NOTE 7. UNSETTLED PROVIDER COST REPORTS AND UNFILED CLAIMS

In-state institutional health care providers that provide services to the Department's Medicaid clients are required to submit cost reports to the state's audit agent on an annual basis. The reports provide support for the cost of client care for which the health care provider has been reimbursed. The Department has engaged a third-party audit agent to review these cost reports for the final settlement of claimed costs.

Cost reports up to fiscal year ending 6/30/06 are 70% completed. Cost reports filed after this date are pending review, approval of audit adjustments, and final settlement. The Department estimated and recorded the amounts it expects to pay or receive upon final settlement of these cost reports.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8. CONTINGENT LIABILITIES AND COMMITMENTS

In the normal course of business, the Department's various programs are subject to audit by applicable agencies of the U.S. government. The Department is also subject to a variety of claims and lawsuits that arise from time to time. Results of such audits, claims and lawsuits may or may not result in losses to the Department. In accordance with SFAS No. 5 - *Accounting for Contingencies*, amounts are recorded as charges to expenditures when management, after taking into consideration the facts and circumstances of each matter, including any settlement offers, has determined that it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. As of June 30, 2008, the Department was not aware of any audit exceptions, claims or lawsuits, which could have a material effect on the Department's financial position or results of operations.

In connection with conducting single audit procedures, certain amounts have been identified as questioned costs. These cost represent amounts associated with the identified findings, but do not represent amounts that have been disallowed by the federal granting agency.

As previously disclosed, the Department has been named in a state district court lawsuit certified as a class action by a group of pharmacies claiming that the pharmacies are entitled under New Mexico law to reimbursement rates in excess of those paid by the three managed care organizations' contracted pharmacy benefit managers for Medicaid prescriptions. According to the plaintiffs' pleadings, the amounts claimed could result in a significant award of damages in excess of \$200,000. The Department contested the plaintiffs' claims and, on September 10, 2008, the district court rendered a decision dismissing all claims against the Department. Since that date, the plaintiffs have filed an appeal with the New Mexico Court of Appeals. The Department, based on consultation with counsel, continues to believe that its position is meritorious and will vigorously defend against the appeal. Given the posture of the case, the Department has not accrued a liability because it currently is unable to estimate the ultimate amount of liability, if any.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 9. PENSION PLAN-PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. Substantially all of the Department's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 7.42% (ranges from 4.78% to 16.65% depending upon the plan - i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The Department is required to contribute 16.59% (ranges from 7.0% to 25.72% depending upon the plan) 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, 2008, 2007 and 2006 were \$11,637,838, \$10,347,978, and \$9,007,458, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 10. SPECIAL APPROPRIATIONS

Special, Deficiency, and Specific appropriations during the year consisted of the following:

Fund 901-Data Processing Appropriations	Original Appropriation Balance	Short Purpose	Period	Cumulative Expenditures 6/30/08	Outstanding Encumbrances 6/30/08	Amount to be Reverted	Unencumbered Appropriations
EESYESNM	\$ 2,000,000	Information changes in the Information Technology Division	July 2007 to June 2010	\$ -	-	56,223	\$1,943,777
HIPPA	7,800,000	Computer Enhancement - HIPPA Compliance (Security) – extension language	July 2003 to June 2008	7,767,526	-	32,474	-
HSD3	1,000,000	Convert current human services Systems into layered structure HSD3	July 2005 to June 2010	50,138	-	-	949,862
HSD3	1,500,000	Continue replacement of the Income Support Computer System	July 2006 to June 2010	-	-	-	1,500,000
EDMS	<u>1,200,000</u>	Computer Enhancement – Implement Multi-agency system for imaging and Archiving documents (EDMS)	July 2004 to June 2010	<u>1,040,043</u>	-	-	<u>159,957</u>
Fund 901 total	<u>\$ 13,500,000</u>			<u>\$ 8,857,707</u>	-	<u>\$88,697</u>	<u>\$4,553,596</u>
Fund 974-LIHEAP	\$ 23,000,000	Low Income Home Energy Assistance Program – extension language	March 2006 to June 2008	\$22,982,388	-	\$17,612	-
LIHEAP	<u>1,900,000</u>	Low Income Home Energy Assistance	March 2008 to June 2009	<u>284,397</u>	-	-	<u>1,615,603</u>
Fund 974 total	<u>\$ 25,000,000</u>			<u>\$23,266,786</u>	-	<u>\$17,612</u>	<u>\$1,615,604</u>
Fund 976-Medicaid	<u>\$ 14,500,000</u>	Additional Caseload	July 2007 to June 2008	<u>\$14,500,000</u>	-	-	-

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 10. SPECIAL APPROPRIATIONS (CONTINUED)

	Original Appropriation Balance	Short Purpose	Period	Cumulative Expenditures 6/30/08	Outstanding Encumbrances 6/30/08	Amount to be Reverted	Unencumbered Appropriations
Fund 052-General Fund							
Food Stamp Penalty	\$ 1,350,000	Food Stamp Penalty	July 2007 to June 2008	\$ 1,350,000	-	-	-
TANF	57,000	Assistance for low Income Families in Sandoval Co.	July 2007 to June 2008	48,897	-	8,103	-
Parent Child Education	20,000	Parent Child Education Program for Families in Chaparral, Anthony, Donna Ana and Sunland Park	July 2007 to June 2008	20,000	-	-	-
Information Technology Changes	957,600	Information Technology Changes in the Information Technology Division	July 2007 to June 2008	957,600	-	-	-
DRA	402,500	Deficit Reduction Act	July 2008 to June 2009	91,827	-	-	310,673
CYFD Domestic Violence	2,000,000	Domestic Violence Projects	March 2008 to June 2012	-	-	-	2,000,000
Behavioral Health	50,000	Rape Crisis in Central NM	July 2007 to June 2008	50,000	-	-	-
Behavioral Health	12,000	Emergency Medicine Dispensing	July 2007 to June 2008	12,000	-	-	-
Behavioral Health	200,000	Veteran Behavioral Health Services	July 2007 to June 2008	200,000	-	-	-
Behavioral Health	100,000	Compulsive Gambling	July 2007 to June 2008	100,000	-	-	-
Behavioral Health	30,000	Program for Severe Mental Illness	July 2007 to June 2008	30,000	-	-	-

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 10. SPECIAL APPROPRIATIONS (CONTINUED)

	Original Appropriation Balance	Short Purpose	Period	Cumulative Expenditures 6/30/08	Outstanding Encumbrances 6/30/08	Amount to be Reverted	Unencumbered Appropriations
Fund 052-General Fund-continued							
Behavioral Health	\$ 125,000	One-Step Center – Donna Anna Co.	July 2007 to June 2008	\$ 125,000	-	-	-
Behavioral Health	360,000	Regional Detoxification – De Baca Co.	July 2007 to June 2008	360,000	-	-	-
Behavioral Health	35,000	Pilot Detoxification Using Acupuncture	July 2007 to June 2008	35,000	-	-	-
Behavioral Health	30,000	Traditional Healing in Northern NM	July 2007 to June 2008	30,000	-	-	-
Behavioral Health	60,000	Substance Abuse Program – Eddy Co.	July 2007 to June 2008	60,000	-	-	-
Behavioral Health	20,000	Long-term Drug Abuse Rehab – Taos Co.	July 2007 to June 2008	20,000	-	-	-
Behavioral Health	250,000	Central NM – Los Lunas Treatment Operation	July 2007 to June 2008	245,047	-	4,953	-
Behavioral Health	70,000	Traumatic Stress Disorder	July 2007 to June 2008	70,000	-	-	-
Behavioral Health	100,000	Screening, Brief Intervention, Referral, Treatment	July 2007 to June 2008	100,000	-	-	-
Behavioral Health	1,000,000	Severance Tax Bond – Facilities in Central NM	July 2007 to June 2011	-	-	-	1,000,000
LIHEAP	<u>100,000</u>	Low Income Home Energy Assistance	March 2008 to June 2009	-	-	-	<u>100,000</u>
Fund 052 total	<u>\$ 7,329,100</u>			<u>\$ 3,905,371</u>	-	<u>\$ 13,056</u>	<u>\$ 3,410,673</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

**NOTE 11. POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH
CARE PLAN**

Plan Description. (Name of Agency) 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 the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 11. POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN (CONTINUED)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. The Department's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$893,656, \$799,961 and \$700,934, respectively, which equal the required contributions for each year.

NOTE 12. LEASE COMMITMENTS

The Department has commitments greater than one year in duration for office space and equipment under operating lease agreements requiring minimum future lease payments as follows:

2009	\$ 10,964,288
2010	10,396,232
2011	9,764,872
2012	9,694,518
2013 – 2017	31,207,219
2018 – 2022	7,966,063
2023 – 2027	<u>900,195</u>
Total	<u>\$ 80,893,387</u>

Total rent expense for office space and equipment for the fiscal year ended June 30, 2008 was as follows:

Office space	\$ 10,966,454
Equipment	<u>1,989,650</u>
Total	<u>\$ 12,956,104</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13. REVERSION PAYABLE TO STATE GENERAL FUND

Unexpended cash balances of the Department's governmental funds are subject to reversion to the State's General Fund unless they are multi-year appropriations or the appropriation periods are specifically extended by act of the Legislature. Funds held on behalf of others in the Department's Child Support Enforcement Fund are excluded from reversion because monies in the Fund do not belong to the Department or the State. During fiscal year ending June 30, 2008, the Department reverted \$42,836 pertaining to fiscal years 2007 or prior. The Department accrued a \$493,542 liability for reversions specifically related to fiscal year ending June 30, 2008. The reversion payable by fund, program and appropriation period were as follows:

Prior Fiscal Year

Fund 974	Income Support	Fiscal Year 2000 & Prior	\$ 42,836
			<u>42,836</u>

Current Fiscal Year

Fund 052	General Fund	Fiscal Year 2008	392,485
Fund 901	Data Processing	Fiscal Year 2008	88,697
Fund 974	Income Support	Fiscal Year 2008	17,612
Fund 975	Income Support	Fiscal Year 2008	83,758
Fund 976	Medical Assistance	Fiscal Year 2008	<u>326</u>
			<u>582,878</u>
			<u>\$ 625,714</u>

The reversion pertaining to fiscal years 2000 and prior resulted from the reversal of liabilities that could not be supported.

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 14. TRANSFERS IN AND TRANSFERS OUT

Transfers in from (out to) other funds and state agencies are reflected as other financing sources (uses). The entities making and receiving transfers are identified in the following table by the unique number maintained in the State's Central Accounting System (CAS).

State Agency	CAS No.	SHARE Fund No.	Purpose	General Fund	Data Processing Appropriations	Medical Assistance	Income Support	Total
Transfers in								
Children Youth & Families Dept.	690	06700	Medicaid and TANF Services	\$ -	4,000	766,470	-	770,470
Department of Work Force Development	631	33002	YES-NM Project	-	2,600	-	-	2,600
Department of Health	665	06100	Medicaid and TANF Services	-	38,000	84,500,706	-	84,538,706
Aging and Long Term Services	624	04900	Services to Elderly	-	3,000	356,469	-	359,469
Development Disability Planning Council	647	07900	YES-NM Project	-	10,000	-	-	10,000
Commission for the Deaf and Hard of Hearing	604	04600	YES-NM Project	-	50,000	-	-	50,000
Dept. of Finance and Administration	341	62000	State General Fund Appropriation	98,923,262	-	696,750,940	19,243,699	814,917,901
Dept. of Finance and Administration	341	62000	Special Appropriation – Insurance	426,400	559,018	-	-	985,418
Dept. of Finance and Administration	341	62000	Special Appropriation – Meth. Treatment in San Juan County	485,000	-	-	-	485,000
Dept. of Finance and Administration	341	62000	Healthy Marriages	200,000	-	-	-	200,000
Dept. of Finance and Administration	341	62000	Breast and Cervical Cancer	-	-	5,015,000	-	5,015,000
Dept. of Finance and Administration	341	02100	County Supported Medicaid Fund (Admin)	171,970	-	22,341,942	-	22,513,912
Dept. of Finance and Administration	341	62000	Low Income Heating Energy Assistance Program	100,000	-	-	1,900,000	2,000,000
Dept. of Finance and Administration	341	62000	TANF- Strengthening Families Prog.	57,000	-	-	-	57,000
Dept. of Finance and Administration	341	62000	Parent Child Education Program	20,000	-	-	-	20,000
Dept. of Finance and Administration	341	62000	CYFD-Domestic Violence	2,000,000	-	-	-	2,000,000
Dept. of Finance and Administration	341	62000	Additional Medicaid Case Load	-	-	14,500,000	-	14,500,000
Dept. of Finance and Administration	341	62000	Compensation Package	1,615,400	-	-	-	1,615,400

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 14. TRANSFERS IN AND TRANSFERS OUT (CONTINUED)

State Agency	CAS No.	SHARE Fund No.	General Purpose Fund	Data			Income Support	Total
				Processing Appropriations	Medical Assistance			
Transfers in (Continued)								
Dept. of Finance and Administration	341	62000	Rape Crises Services in Central NM	50,000	-	-	-	50,000
Dept. of Finance and Administration	341	62000	Emergency Medical Dispensing	12,000	-	-	-	12,000
Dept. of Finance and Administration	341	62000	Veterans Behavioral Health Services	200,000	-	-	-	200,000
Dept. of Finance and Administration	341	62000	Compulsive Gambling	100,000	-	-	-	100,000
Dept. of Finance and Administration	341	62000	Regional Detox in De Baca County	360,000	-	-	-	360,000
Dept. of Finance and Administration	341	62000	Day Program for Severe Mental Illness	30,000	-	-	-	30,000
Dept. of Finance and Administration	341	62000	One Stop Center in Donna Anna County	125,000	-	-	-	125,000
Dept. of Finance and Administration	341	62000	Regional Delox Programs using Acupuncture	35,000	-	-	-	35,000
Dept. of Finance and Administration	341	62000	Traditional Healing in Northern NM	30,000	-	-	-	30,000
Dept. of Finance and Administration	341	62000	Substance Abuse Program in Eddy Co.	60,000	-	-	-	60,000
Dept. of Finance and Administration	341	62000	Long Term Drug Abuse Rehab in Taos County	20,000	-	-	-	20,000
Dept. of Finance and Administration	341	62000	Central NM-Los Lunas Treatment Operations	250,000	-	-	-	250,000
Dept. of Finance and Administration	341	62000	Post Traumatic Stress Disorder	70,000	-	-	-	70,000
Dept. of Finance and Administration	341	62000	Screening, Brief Intervention, Referral and Treatment	100,000	-	-	-	100,000
Dept. of Finance and Administration	341	62000	Severance Tax Bond-Facilities in Central NM	1,000,000	-	-	-	1,000,000
Office of African American Affairs	394	28400	Return T. Jones Funds	32,816	-	-	-	32,816
Public Education Department	924	07200	Distribution of Food to the Schools	500,000	-	-	-	500,000
				\$106,973,848	666,618	824,231,527	21,143,699	953,015,692

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 14. TRANSFERS IN AND TRANSFERS OUT (CONTINUED)

Transfers out	State Agency	CAS No.	SHARE Fund No	Purpose	General Fund	Data			Total
						Processing Appropriations	Medical Assistance		
Children, Youth, and Families Department	690	06700	Medicaid Case Management	1,125,879	-	1,083,046	-	2,208,925	
Children, Youth, and Families Department	690	06700	CMHS-Domestic Violence	486,582	-	-	-	486,582	
Children, Youth, and Families Department	690	06700	TANF-Domestic Violence	2,600,000	-	-	-	2,600,000	
Children, Youth, and Families Department	690	49100	TANF-Child Care & Training	32,219,300	-	-	-	32,219,300	
Children, Youth, and Families Department	690	06700	Employment & Training	560,000	-	-	-	560,000	
Children, Youth, and Families Department	690	06700	Parent Child-Special Appropriation	20,000	-	-	-	20,000	
Children, Youth, and Families Department	690	06700	Employment & Training Child Care	41,000	-	-	-	41,000	
Department of Health	665	06100	TANF	-	-	38,832,396	-	38,832,396	
Department of Health	665	06104	Public Health Division	1,161,600	-	-	-	1,161,600	
Department of Health	665	06100	Medicaid-EPST	1,050,954	-	-	-	1,050,954	
Department of Health	665	06100	Medicaid-Families First	467,142	-	-	-	467,142	
Department of Health	665	06100	Medicaid-CMCH-OBRA	561,044	-	-	-	561,044	
Department of Health	665	06100	Medicaid-LTSD-DHI	9,347,593	-	-	-	9,347,593	
Department of Health	665	06100	Medicaid-Nurse Aide Training	967,245	-	-	-	967,245	
Department of Health	665	06100	Medicaid-FIT	14,524	-	-	-	14,524	
Department of Health	665	06100	Medicaid-PASARR	340,445	-	-	-	340,445	
Department of Health	665	06100	Medicaid-PRAMS	58,708	-	-	-	58,708	
Department of Health	665	06100	Medicaid-Implement Tele-health	50,000	-	-	-	50,000	
Department of Health	665	06100	Medicaid-Administration (Maximus)	4,137,329	-	-	-	4,137,329	
Department of Health	665	06104	Refugee CMA-Health Screening	104,227	-	-	-	104,227	
Aging and Long Term Care Department	624	04900	Medicaid-D&E Waiver, PCO, PACE	1,628,965	-	-	-	1,628,965	
Aging and Long-Term Services Dept, NM	624	04900	TANF-Gold Mentor	706,455	-	-	-	706,455	
Commission on the Status of Women	601	04300	TANF-Job Skills	1,401,301	-	-	-	1,401,301	
Developmental Disabilities Planning Council	647	07900	Medicaid-Baby-Net	49,994	-	-	-	49,994	
Finance & Administration Department	341	06200	Allocation -Federal Lobbyist	23,995	-	-	-	23,995	
Public Education Department	924		Medicaid-WDI	295,000	-	-	-	295,000	
Public Education Department	924		Medicaid-Re-determination DI	150,000	-	-	-	150,000	

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 14. TRANSFERS IN AND TRANSFERS OUT (CONTINUED)

State Agency	CAS No.	SHARE Fund No	Purpose	General Fund	Data		Total
					Processing Appropriations	Medical Assistance	
Transfers out (Continued)							
Governors Commission on Disability	645	05800	Medicaid-WDI	10,938	-	-	10,938
New Mexico State University	953		Medicaid-NM University Study	257,758	-	-	257,758
Office of Work Force Training & Development	635	32900	Medicaid-WDI	132,775	-	-	132,775
New Mexico Board of Nursing	449	07200	Medicaid- Aide Training	18,700	-	-	18,700
University of New Mexico	969	23300	Medicaid-Envision NM	621,093	-	-	621,093
				<u>\$ 60,610,546</u>	<u>39,915,442</u>	<u>100,525,988</u>	

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008**

NOTE 15. DUE TO/FROM OTHER STATE AGENCIES

Due from other state agencies

State Agency	Business Unit	Purpose	General Fund	Data			Total
				Processing Appropriations	Medical Assistance	Child Support Enforcement	
3 rd Judicial District	23300	Reimbursement of unspent funds	\$ 1,158	-	-	-	1,158
Aging & Long Term Services	62400	Reimbursement for shared facilities	2,526	-	1,100,000	-	1,102,526
Children, Youth, and Families Dept.	69000	Non-Title XIX, EPSDT, and Maximus	73,012	-	240	-	73,252
Department of Corrections	77000	Reimbursement for shared facilities	162,999	-	-	-	162,999
Department of Finance and Admin.	34100	CSMF, Interest, and special appropriation	2,665,177	355,868	2,482,360	26,758	5,530,163
Department of Health	66500	Maximus invoices, CCIC programs, etc.	449,168	38,000	22,425,253	-	22,912,421
Environment Department	66700	Returned item charged to HSD	-	-	100	-	100
New Mexico Board of Nursing	44900	Returned item charged to HSD	-	-	30	-	30
NM Veteran's Commission	67000	Reimbursement for shared facilities	7,517	-	-	-	7,517
			<u>\$ 3,361,557</u>	<u>393,868</u>	<u>26,007,983</u>	<u>26,758</u>	<u>29,790,166</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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

Due to other state agencies

State Agency	Agency #	Purpose	General Fund	Data Processing Appropriations	Child Support Enforcement	Income Support L Warrants	Income Support N Warrants	Medical Assistance	Total
Agency on Aging	624	Long-term elderly care	\$ (1,104,562)	-	-	-	(368)	-	(1,104,930)
Children Youth and Families Department	690	Medicaid and TANF Services	(10,707,220)	-	(51)	-	-	(433,064)	(11,140,335)
Corrections Department	770	Support Services	(112,923)	-	-	-	-	-	(112,923)
Comm on the Status of Women	601	Female workforce development	(265,772)	-	-	-	(25,165)	-	(290,937)
DD Planning Council	647	Determine disability eligibility	(15,249)	-	-	-	-	-	(15,249)
Department of Finance and Administration	341	Data Processing Special Appropriations	-	(350,000)	-	-	-	-	(350,000)
Department of Health	665	Medicaid and TANF Services	(14,029,892)	-	-	-	-	(74,409)	(14,104,301)
Department of Information Technology	631	Support services	(5,353,712)	-	-	-	-	-	(5,353,712)
Department of Labor	350	Workforce development	(81,869)	-	-	-	-	-	(81,869)
General Services Department	814	Support services	(64,237)	-	-	-	-	-	(64,237)
NM Mortgage Finance Authority	449	TANF services	-	-	-	-	-	-	(144,252)
NM Board of Nursing	924	Medicaid services	(9,350)	-	-	-	-	-	(9,350)
Public Education Department	369	TANF services	(15,920)	-	-	(144,252)	-	-	(15,920)
State Records Ctr & Archives	644	Support services	(2,066)	-	-	-	-	-	(2,066)
Division of Vocational Rehabilitation	644	Determine disability eligibility	(150,651)	-	-	-	-	-	(150,651)
			<u>\$(31,913,423)</u>	<u>(350,000)</u>	<u>(51)</u>	<u>(144,252)</u>	<u>(25,533)</u>	<u>(507,473)</u>	<u>(32,940,732)</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2008 are expected to be repaid within one year and consisted of the following receivables and payables. These transactions are eliminated in the government-wide financial statements.

Receivable Fund	Purpose	Payable Fund					Total
		Governmental Funds			Fiduciary Fund	Enterprise Fund	
		General Fund	Data Processing	Income Support	Child Support Enforcement	Small Employer Ins. Prog.	
Governmental Funds							
General Fund	Reimbursement Adjustments Payroll & Interest	\$ (28,617)	345	70,534	35,952	25,000	103,214
Data Processing	Reimbursement Adjustments & Payroll	210,764	-	9	-	-	210,773
Income Support L Warrants	Adjustments & Payroll Reimbursement	239	-	-	-	-	239
Income Support N Warrants	Adjustments & Payroll Reimbursement	65,325	401	6	-	-	65,732
Medical Assistance	Adjustments	1,474	-	-	-	-	1,474
Child Support Enforcement	Interest	105,430	-	-	-	-	105,430
		<u>\$ 354,615</u>	<u>746</u>	<u>70,549</u>	<u>35,952</u>	<u>25,000</u>	<u>486,862</u>

NOTE 17. RISK MANAGEMENT

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. The Department pays annual premiums to the 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 coverage's for State of New Mexico employees.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 17. RISK MANAGEMENT (CONTINUED)

During the 2008 fiscal year, the Department paid Risk Management \$1,633,302 in insurance premiums. The Department’s loss exposure is limited to \$1,000 deductible. After consulting with legal counsel concerning pending litigation and claims, the Department believes that the outcome of pending litigation should not have a materially adverse effect on the financial position or operations of the Department. In addition, for the years ended June 30, 2008, 2007 and 2006, the Department had no claims for which the Risk Management Division has returned as “not covered” that would become the responsibility of the Department.

NOTE 18. RESERVED FOR SPECIAL PROGRAMS

The fund balance reserved for special programs in the General Fund (052) is comprised of the following:

McCune and Robert Wood Johnson Grants (restricted by donor)	\$ 306,318
Transformation State Initiative Grant	864,259
Low Income Home Energy Assistance (Laws of 2008, Chapter 3, Section 5, Item 73)	100,000
Deficit Reduction Act (Laws of 2008, Chapter 3, Section 5, Item 72)	310,673
Food bank (Laws of 2006, Chapter 111, Section 47 Part B)	21,000
Child Support Enforcement Administration Program Grant	1,052,371
Domestic Violence Project (Laws of 2008, Senate Bill 471, Section 54)	2,000,000
Severance Tax Bond Proceeds for Facilities (Laws of 2007, Senate Bill 827, Section 21, & Chapter 325, Section 13)	<u>1,000,000</u>
	<u>\$ 5,654,621</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF CASH BALANCES
June 30, 2008

Following is a reconciliation of the amounts reflected by the bank and State Treasurer to the amounts reflected in the accompanying financial statements:

	Fund	State Treasurer/ Bank Balances	Reconciling Items	Department Balances
Cash on deposit with the State Treasurer				
General Fund	052	\$ (70,881,392)	-	(70,881,392)
Data processing appropriations	901	(2,082,619)	-	(2,082,619)
Income support - L Warrants	974	(3,560,653)	-	(3,560,653)
Income support - N Warrants	975	(8,746,664)	-	(8,746,664)
Medical assistance - P Warrants	976	(281,797,750)	-	(281,797,750)
Child support enforcement - K Warrants	978	2,319,948	-	2,319,948
Small Employer Insurance Program	979	25,000	-	25,000
		<u>\$ (364,724,129)</u>	-	<u>(364,724,129)</u>
Other cash balances				
Petty cash		1,250		1,250
Wells Fargo Bank		57,774		57,774
Bank of America		-		-
Total cash		<u>\$ 59,024</u>		<u>59,024</u>

Collateralization of the cash balance presented here is monitored by the State Treasurer's Office.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF JOINT POWERS & OTHER GOV'T AGREEMENTS
Year Ended June 30, 2008

Name/Responsible Party	Program Description	Contract Number	Date of Agreement		Fiscal Agent & Audit Responsibility	Applicable Amount	Contributed Amount	Expended Amount	Division
			Beginning	Ending					
Name/Responsible Party	Program Description	Contract Number	Date of Agreement Beginning	Date of Agreement Ending	Fiscal Agent & Audit Responsibility	Contract Amount	FY08 Contract Amt	Expended Amount	Division
Aging & Long Term Services	D&E Waiver	05-630-8000-0007	8/13/2004	Until Cancelled	NM Human Services	\$ 2,050,000	\$ 2,050,000	\$ 1,628,965	MAD
Aging & Long Term Services	TANF - Gold Mentor	08-630-9000-0004	7/1/2007	6/30/2008	NM Human Services	750,000	750,000	705,729	ISD
CYFD	Behavioral Hlth Services to Children	08-630-7903-0010	7/1/2007	6/30/2008	NM Human Services	432,561	432,561	420,713	BHSD
CYFD	Data Infrastructure Grant	08-630-7903-0012	9/14/2007	6/30/2008	NM Human Services	17,000	17,000	17,000	BHSD
CYFD	Domestic Violence	08-630-7903-0020	7/6/2007	6/30/2008	NM Human Services	79,430	79,430	79,430	BHSD
CYFD	Domestic Violence	08-630-9000-0007	7/1/2007	6/30/2008	NM Human Services	2,600,000	2,600,000	2,600,000	ISD
CYFD	Parent-Child program	08-630-9000-0022	7/1/2007	6/30/2008	NM Human Services	20,000	20,000	20,000	ISD
CYFD	Protective Services	95-17	9/8/1994	Until Cancelled	NM Human Services	1,200,000	1,200,000	1,125,879	MAD
CYFD	TANF-Childcare	08-630-9000-0005	7/1/2007	6/30/2008	NM Human Services	32,840,300	32,820,300	32,820,300	ISD
CYFD	Targeted Case Management	00-15	3/22/2000	Until Cancelled	NM Human Services	400,000	400,000	-	MAD
DD Planning Council	Admin costs for BabyNet	07-630-8000-0016	4/18/2007	1/31/2011	NM Human Services	250,000	50,000	49,994	MAD
Department of Health	County Maternal and Child Health	05-630-8000-0008	7/1/2007	6/30/2012	NM Human Services	561,048	561,048	561,044	MAD
Department of Health	Data Infrastructure Grant	06-630-8000-0027	7/1/2007	6/30/2008	NM Human Services	33,000	33,000	33,000	BHSD
Department of Health	Employee Salary	07-630-1000-0009	6/21/2007	6/30/2008	NM Human Services	75,079	75,079	75,079	ASD
Department of Health	EPI	08-630-7903-0011	7/6/2007	6/30/2008	NM Human Services	125,000	125,000	125,000	BHSD
Department of Health	EPSDT	95-29	7/1/1994	Until Cancelled	NM Human Services	1,086,880	1,086,880	1,050,954	MAD
Department of Health	Family Infants Toddlers	95-29	7/1/1994	Until Cancelled	NM Human Services	15,000	15,000	14,524	MAD
Department of Health	Families First	96-32	7/1/1994	Until Cancelled	NM Human Services	500,000	500,000	467,143	MAD
Department of Health	LTS-DHI waiver	630-8114-03-37 A1	1/1/2002	Until Cancelled	NM Human Services	11,510,500	11,510,500	9,347,593	MAD
Department of Health	Reimburse for Maximus fees	06-690-6000-6003	5/11/2006	6/30/2008	NM Human Services	-	-	-	MAD-X
Department of Health	Nurse Aide Training and Competency Evaluation Program	96-22	2/8/1996	Until Cancelled	NM Human Services	1,416,200	1,416,200	967,245	MAD
Department of Health	PRAMS	96-32	2/8/1996	Until Cancelled	NM Human Services	120,000	120,000	58,708	MAD
Department of Health	Pre Admission Screening and Annual Resident Review - (PASARR)	82-14	7/1/1993	Until Cancelled	NM Human Services	340,445	340,445	340,445	MAD
Department of Health	Refugee Health Screening	08-630-9000-0009	7/1/2007	6/30/2008	NM Human Services	112,546	112,546	104,157	ISD

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF JOINT POWERS & OTHER GOV'T AGREEMENTS (CONTINUED)
Year Ended June 30, 2008

Name/Responsible Party	Program Description	Contract Number	Date of Agreement		Fiscal Agent & Audit Responsibility	Applicable Amount	Contributed Amount	Expend	Division
			Beginning	Ending					
Department of Health	Rural Health Infrastructure	08-630-8000-0018	3/24/2008	6/30/2008	NM Human Services	\$ 73,000	73,000	73,000	MAD
Department of Health	School Based Health	06-630-8000-0006	11/16/2005	6/30/2008	NM Human Services	1,655,669	1,088,669	876,420	MAD-S
Department of Health	Substance Abuse Prevention (SAPT)	08-630-7903-0023	10/1/2007	6/30/2008	NM Human Services	439,487	439,487	439,487	BHSD
Department of Health	Telehealth for Ruidoso	08-630-8000-0017	2/20/2008	6/30/2008	NM Human Services	50,000	50,000	50,000	MAD
Department of Health	Turquoise Lodge drug treatment center	08-630-7903-0019	7/2/2007	6/30/2008	NM Human Services	715,958	715,958	715,958	BHSD
Department of Health	Vital Statistics-Death Data	08-630-8000-0017	10/16/2007	6/30/2008	NM Human Services	5,000	5,000	5,000	MAD
Department of Health	Vital Records & Statistics	06-630-6000-0009	10/11/2005	6/30/2008	NM Human Services	210,000	70,000	62,970	CSED
Division of Voc. Rehab-PED	DD determination for cat. 04, 85, 90, 96,	05-630-8000-0071	1/1/2005	6/30/2007	NM Human Services	225,000	150,000	150,000	MAD
Division of Voc. Rehab-PED	Disability Determination Cat. 43	05-630-8000-0069	1/1/2005	6/30/2008	NM Human Services	847,686	295,000	295,000	MAD
Governor's Comm. On Disab.	Remove barriers to employnt of disabled	08-630-8000-0024	9/25/2007	12/30/2010	NM Human Services	175,000	50,000	10,938	MAD
Legislative Council Service	Recommend HC for NM Committee	08-630-8000-0027	1/14/2008	6/30/2008	NM Human Services	150,000	150,000	111,642	MAD
NM Board of Nursing	Certification Of Medication Aides	95-09	8/22/1994	Until Cancelled	NM Human Services	18,700	18,700	18,700	MAD
NM Commission on Women	TANF	08-630-9000-0007	7/1/2007	6/30/2008	NM Human Services	1,466,374	1,466,374	1,426,466	ISD
NM Mortgage Finance	Homeless Services	08-630-9000-0006	7/1/2007	6/30/2008	NM Mortgage Finance	750,000	750,000	750,000	ISD
NM Mortgage Finance	LJHEAP	07-630-9000-0013	2/15/2007	6/30/2008	NM Human Services	1,106,200	1,106,200	704,144	ISD
NMSU	Food Stamp Nutrition	04-630-9460-0417	7/1/2007	6/30/2008	NM Human Services	9,432,168	3,122,620	1,696,407	ISD
NMSU	Strengthening Families Initiative	08-630-9000-0001	7/1/2007	6/30/2008	NM Human Services	600,000	600,000	568,862	ISD
NMSU	TANF	08-630-9000-0005	7/1/2007	6/30/2008	NM Human Services	10,522,447	10,522,447	10,381,293	ISD
NMSU	Uninsured population study	05-630-8000-0003	7/1/2004	6/30/2009	NM Human Services	1,000,000	1,000,000	339,758	MAD
Office of WkForce Developmt	Utilize Services to Implement NMCES	07-630-8000-0015	3/9/2007	12/30/2010	NM Human Services	1,555,419	395,834	132,775	MAD
Public Education Dept	School Based Health Services	06-630-8000-0006	7/19/2008	12/31/2008	NM Human Services	65,900	34,900	25,989	MAD-S
University of New Mexico	Substance Abuse Prevention (SAPT)	08-630-7903-0013	7/1/2007	6/30/2008	NM Human Services	20,000	20,000	20,000	BHSD

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF JOINT POWERS & OTHER GOV'T AGREEMENTS (CONTINUED)
Year Ended June 30, 2008

Name/Responsible Party	Program Description	Contract Number	Date of Agreement		Fiscal Agent & Audit Responsibility	Applicable Amount	Contributed Amount	Contract Amount	FY08 Contract Amt	Expended Amount	Division
			Beginning	Ending							
Name/Responsible Party	Program Description	Contract Number	Date of Agreement Beginning	Date of Agreement Ending	Fiscal Agent & Audit Responsibility	Contract Amount	Contract Amt	FY08 Contract Amt	Expended Amount	Division	
University of New Mexico	Envision N.M.	05-630-8000-0001	9/27/2005	6/30/2008	NM Human Services	\$ 2,366,988		632,052	621,093	MAD	
University of New Mexico	Program for psychiatric needs of children	08-630-7903-0003	7/18/2007	6/30/2008	NM Human Services		148,232	148,232	148,232	BHSD	
University of New Mexico	Substance Abuse Prevention (SAPT)	08-630-7903-0004	7/5/2007	6/30/2008	NM Human Services		263,479	263,479	263,479	BHSD	
1st Judicial District Court	Child Support Hearing Officers	06-630-6000-0007	5/10/2007	6/30/2008	NM Human Services		916,083	323,841	323,841	CSED	
2nd Judicial District Court	Child Support Hearing Officers	06-630-6000-0008	5/10/2007	6/30/2008	NM Human Services		2,493,283	870,137	870,137	CSED	
3rd Judicial District Court	Child Support Hearing Officers	06-630-6000-0009	7/1/2007	6/30/2008	NM Human Services		1,099,837	387,488	387,488	CSED	
7th Judicial District Court	Child Support Hearing Officers	06-630-6000-0010	5/10/2007	6/30/2008	NM Human Services		920,381	320,000	320,000	CSED	
9th Judicial District Court	Child Support Hearing Officers	06-630-6000-0011	5/10/2007	6/30/2008	NM Human Services		1,200,090	468,534	468,534	CSED	
11th Judicial District Court	Child Support Hearing Officers	06-630-6000-0012	6/22/2007	6/30/2008	NM Human Services		894,983	328,079	328,079	CSED	
13th Judicial District Court	Child Support Hearing Officers	06-630-6000-0013	5/10/2007	6/30/2008	NM Human Services		871,751	301,921	301,921	CSED	
5 Sandoval Indian Pueblos	LIHEAP	06-630-9000-0020	2/6/2006	6/30/2008	NM Human Services		37,755	3,463	3,463	ISD	
Jicarilla Apache Nation	LIHEAP	06-630-9000-0018	1/27/2006	6/30/2008	NM Human Services		39,102	7,615	7,615	ISD	
Navajo Nation	LIHEAP	06-630-9000-0017	1/27/2006	6/30/2008	NM Human Services		1,489,053	271,109	19,327	ISD	
Navajo Nation	TANF	08-630-9000-0008	7/1/2007	6/30/2008	NM Human Services		218,000	218,000	218,000	ISD	
Pueblo of Zuni	LIHEAP	06-630-9000-0019	12/8/2005	6/30/2008	NM Human Services		142,628	398	398	ISD	
Pueblo of Zuni	TANF	08-630-9000-0003	7/1/2007	6/30/2008	NM Human Services		32,000	32,000	32,000	ISD	
Pueblo of Zuni	TANF	08-630-9000-0023	6/9/2008	6/30/2008	NM Human Services		66,863	66,863	66,216	ISD	
Alamogordo Public Schools	School Based Health Services	05-630-8000-0013	1/31/2005	6/30/2008	NM Human Services		360,000	120,000	20,507	MAD-S	
Albuquerque Public Schools	School Based Health Services	05-630-8000-0014	1/18/2005	6/30/2008	NM Human Services		9,400,000	2,800,000	399,269	MAD-S	
Artesia Public Schools	School Based Health Services	05-630-8000-0016	2/28/2005	6/30/2008	NM Human Services		180,000	60,000	15,033	MAD-S	
Aztec Municipal Schools	School Based Health Services	08-630-8000-0025	11/20/2007	6/30/2008	NM Human Services		50,000	50,000	-	MAD-S	
Belen Consolidated Schools	School Based Health Services	05-630-8000-0017	2/9/2005	6/30/2008	NM Human Services		1,500,000	500,000	53,580	MAD-S	
Bernalillo Public Schools	School Based Health Services	05-630-8000-0018	1/27/2005	6/30/2008	NM Human Services		240,000	80,000	53,720	MAD-S	

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF JOINT POWERS & OTHER GOV'T AGREEMENTS (CONTINUED)
Year Ended June 30, 2008

<u>Name/Responsible Party</u>	<u>Program Description</u>	<u>Contract Number</u>	<u>Date of Agreement Beginning</u>	<u>Date of Agreement Ending</u>	<u>Fiscal Agent & Audit Responsibility</u>	<u>Applicable Amount</u>	<u>Contributed Amount</u>	<u>Contract Amount</u>	<u>FY08 Contract Amt</u>	<u>Expended Amount</u>	<u>Division</u>
<u>Name/Responsible Party</u>	<u>Program Description</u>	<u>Contract Number</u>	<u>Date of Agreement Beginning</u>	<u>Date of Agreement Ending</u>	<u>Fiscal Agent & Audit Responsibility</u>	<u>Contract Amount</u>	<u>FY08 Contract Amt</u>	<u>Contract Amount</u>	<u>FY08 Contract Amt</u>	<u>Expended Amount</u>	<u>Division</u>
Carlsbad Municipal Schools	School Based Health Services	05-630-8000-0020	3/7/2005	6/30/2008	NM Human Services	\$ 600,000	200,000	600,000	200,000	32,394	MAD-S
Central Region Educ Coop	School Based Health Services	05-630-8000-0022	7/1/2006	6/30/2008	NM Human Services	900,000	300,000	900,000	300,000	38,892	MAD-S
Clovis Municipal Schools	School Based Health Services	05-630-8000-0024	3/7/2005	6/30/2008	NM Human Services	570,000	190,000	570,000	190,000	20,943	MAD-S
Cobre Consolidated Schools	School Based Health Services	05-630-8000-0025	5/5/2005	6/30/2008	NM Human Services	120,000	40,000	120,000	40,000	21,324	MAD-S
Deming Public Schools	School Based Health Services	05-630-8000-0027	7/1/2006	6/30/2008	NM Human Services	315,000	105,000	315,000	105,000	-	MAD-S
Dulce Indep.School District	School Based Health Services	05-630-8000-0028	3/24/2005	6/30/2008	NM Human Services	80,000	20,000	80,000	20,000	-	MAD-S
Espanola Municipal	School Based Health Services	05-630-8000-0029	1/27/2005	6/30/2008	NM Human Services	315,000	105,000	315,000	105,000	32,766	MAD-S
Farmington Municipal	School Based Health Services	05-630-8000-0030	2/9/2005	6/30/2008	NM Human Services	720,000	240,000	720,000	240,000	75,323	MAD-S
Gadsden Independent School	School Based Health Services	05-630-8000-0031	2/28/2005	6/30/2008	NM Human Services	900,000	300,000	900,000	300,000	159,398	MAD-S
High Plains School District	School Based Health Services	05-630-8000-0034	1/27/2005	6/30/2008	NM Human Services	300,000	100,000	300,000	100,000	59,966	MAD-S
Jemez Valley Public Schools	School Based Health Services	05-630-8000-0036	2/28/2007	6/30/2008	NM Human Services	90,000	30,000	90,000	30,000	14,281	MAD-S
Las Cruces School District	School Based Health Services	05-630-8000-0038	3/7/2005	6/30/2008	NM Human Services	3,600,000	1,200,000	3,600,000	1,200,000	189,265	MAD-S
Las Vegas City Schools	School Based Health Services	05-630-8000-0039	3/1/2005	6/30/2008	NM Human Services	180,000	60,000	180,000	60,000	-	MAD-S
Los Lunas Public Schools	School Based Health Services	05-630-8000-0040	2/15/2005	6/30/2008	NM Human Services	900,000	300,000	900,000	300,000	176,271	MAD-S
Lovington Municipal Schools	School Based Health Services	05-630-8000-0041	1/31/2005	6/30/2008	NM Human Services	210,000	70,000	210,000	70,000	11,953	MAD-S
Maxwell Municipal Schools	School Based Health Services	05-630-8000-0042	1/27/2005	6/30/2008	NM Human Services	60,000	20,000	60,000	20,000	-	MAD-S
Mora Independent	School Based Health Services	05-630-8000-0045	1/26/2005	6/30/2008	NM Human Services	120,000	30,000	120,000	30,000	-	MAD-S
Moriarty Municipal Schools	School Based Health Services	05-630-8000-0046	2/15/2005	6/30/2008	NM Human Services	300,000	100,000	300,000	100,000	20,445	MAD-S
NM Assembly	School Based Health Services	08-630-8000-0057	2/7/2008	6/30/2009	NM Human Services	46,000	46,000	46,000	46,000	46,000	MAD-S

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF JOINT POWERS & OTHER GOV'T AGREEMENTS (CONTINUED)
Year Ended June 30, 2008

<u>Name/Responsible Party</u>	<u>Program Description</u>	<u>Contract Number</u>	<u>Date of Agreement Beginning</u>	<u>Date of Agreement Ending</u>	<u>Fiscal Agent & Audit Responsibility</u>	<u>Applicable Amount</u>	<u>Contributed Amount</u>	<u>Contract Amount</u>	<u>FY08 Contract Amt</u>	<u>Expended Amount</u>	<u>Division</u>
<u>Name/Responsible Party</u>	<u>Program Description</u>	<u>Contract Number</u>	<u>Date of Agreement Beginning</u>	<u>Date of Agreement Ending</u>	<u>Fiscal Agent & Audit Responsibility</u>	<u>Contract Amount</u>	<u>FY08 Contract Amt</u>	<u>Contract Amount</u>	<u>FY08 Contract Amt</u>	<u>Expended Amount</u>	<u>Division</u>
Pecos Valley School Dist.	School Based Health Services	05-630-8000-0048	2/7/2005	6/30/2008	NM Human Services	\$ 300,000	100,000	300,000	100,000	15,913	MAD-S
Regional Educ Cntr #6	School Based Health Services	05-630-8000-0054	2/9/2005	6/30/2008	NM Human Services	300,000	100,000	300,000	100,000	26,078	MAD-S
Regional Educ Cntr #7	School Based Health Services	05-630-8000-0055	7/1/2006	6/30/2008	NM Human Services	1,000,000	100,000	1,000,000	100,000	39,274	MAD-S
Regional Educ Cntr #9	School Based Health Services	05-630-9000-0056	7/1/2006	6/30/2008	NM Human Services	450,000	150,000	450,000	150,000	42,797	MAD-S
Rio Rancho Public Schools	School Based Health Services	05-630-8000-0057	1/27/2005	6/30/2008	NM Human Services	720,000	240,000	720,000	240,000	62,303	MAD-S
Roswell Independent Schools	School Based Health Services	05-630-8000-0058	2/15/2005	6/30/2008	NM Human Services	900,000	300,000	900,000	300,000	60,914	MAD-S
Santa Fe Public Schools	School Based Health Services	05-630-8000-0059	3/7/2005	6/30/2008	NM Human Services	825,000	275,000	825,000	275,000	23,915	MAD-S
Silver City Consolidated Sch.	School Based Health Services	05-630-8000-0061	1/27/2005	6/30/2008	NM Human Services	240,000	80,000	240,000	80,000	12,455	MAD-S
Socorro Consolidated Schools	School Based Health Services	05-630-8000-0062	1/26/2005	6/30/2008	NM Human Services	210,000	70,000	210,000	70,000	28,803	MAD-S
SW Regional Educ Center	School Based Health Services	05-630-8000-0063	2/15/2005	6/30/2008	NM Human Services	690,000	240,000	690,000	240,000	40,319	MAD-S
Taos Municipal Schools	School Based Health Services	05-630-8000-0065	2/15/2005	6/30/2008	NM Human Services	180,000	60,000	180,000	60,000	10,105	MAD-S
Tucumcari Municipal	School Based Health Services	05-630-8000-0066	2/9/2005	6/30/2008	NM Human Services	90,000	30,000	90,000	30,000	4,266	MAD-S
West Las Vegas School Dist.	School Based Health Services	05-630-8000-0067	2/7/2005	6/30/2008	NM Human Services	180,000	60,000	180,000	60,000	23,268	MAD-S
Zuni Public Schools	School Based Health Services	05-630-8000-0068	2/15/2005	6/30/2008	NM Human Services	180,000	60,000	180,000	60,000	-	MAD-S

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
AGENCY FUND 978 - CHILD SUPPORT ENFORCEMENT AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
Year Ended June 30, 2008

	June 30, 2007	Additions	Deletions	June 30, 2008
ASSETS				
Cash	\$ 464,547	107,261,144	(105,405,743)	2,319,948
Other receivables	493,578	4,172,735	(4,067,409)	598,904
Due from other state agencies	15,436	42,194	(30,872)	26,758
Due from external parties	200,000	105,430	(200,000)	105,430
	<hr/>			
Total assets	\$ 1,173,561	111,581,503	(109,704,024)	3,051,040
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LIABILITIES				
Deposits held in trust for others	\$ 664,496	107,354,261	(105,601,842)	2,416,915
Due to other state agencies	51	-	-	51
Other Liabilities	493,578	4,273,399	(4,168,855)	598,122
Due to external parties	15,436	35,952	(15,436)	35,952
	<hr/>			
Total liabilities	\$ 1,173,561	111,663,612	(109,786,133)	3,051,040
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STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
PROGRAM SUPPORT PROGRAM
ROLL UP OF GENERAL APPROPRIATION, PLUS SPECIALS AND
SUPPLEMENTAL INCLUDED IN FUND 052XX
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ 4,143,400	4,143,400	2,960,714	(1,182,686)
Federal grants	27,553,600	29,736,887	28,657,414	(1,079,473)
Fund balance	-	402,500	-	(402,500)
TOTAL REVENUES	31,697,000	34,282,787	31,618,128	(2,664,659)
EXPENDITURES:				
Current:				
Personnel services and benefits	17,022,900	17,562,530	17,338,803	(223,727)
Contractual services	13,163,900	13,487,826	11,592,111	(1,895,715)
Healthcare Services	-	-	-	-
Other Cost	12,758,300	15,438,131	14,019,048	(1,419,083)
TOTAL EXPENDITURES	42,945,100	46,488,487	42,949,962	(3,538,525)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds	10,871,700	11,829,300	11,829,300	-
Compensation Package	426,400	426,400	426,400	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers Out:				
Transfers - out to other state agencies	(50,000)	(50,000)	(23,995)	26,005
Reversion -	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	11,248,100	12,205,700	12,231,705	26,005
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
OTHER FINANCING SOURCES (USES)	\$ -	-	899,871	899,871

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
PROGRAM SUPPORT PROGRAM - GENERAL APPROPRIATION ACT OF 2007
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over Under (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ 4,143,400	4,143,400	2,960,714	(1,182,686)
Federal grants	27,553,600	27,571,587	26,492,114	(1,079,473)
Fund balance	-	-	-	-
TOTAL REVENUES	31,697,000	31,714,987	29,452,828	(2,262,159)
EXPENDITURES:				
Current:				
Personnel services and benefits	17,022,900	17,562,530	17,338,803	(223,727)
Contractual services	13,163,900	12,356,426	11,322,033	(1,034,393)
Healthcare Services				
Other Cost	12,758,300	13,044,131	11,625,048	(1,419,083)
TOTAL EXPENDITURES	42,945,100	42,963,087	40,285,884	(2,677,203)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds	10,871,700	10,871,700	10,871,700	-
Compensation Package	426,400	426,400	426,400	-
Supplemental				-
Transfers - in from other state agencies				
Transfers Out:				
Transfers - out to other state agencies	(50,000)	(50,000)	(23,995)	26,005
Reversion -				
TOTAL OTHER FINANCING SOURCES (USES)	11,248,100	11,248,100	11,274,105	26,005
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
OTHER FINANCING SOURCES (USES)				
	\$ -	-	441,049	441,049

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
PROGRAM SUPPORT PROGRAM
SPECIAL APPROPRIATION ("DRA") L08 C3 S005 1072
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over Under
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	728,900	728,900	-
Fund balance	-	402,500	-	-
TOTAL REVENUES	-	1,131,400	728,900	-
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	1,131,400	270,078	(861,322)
Healthcare Services	-	-	-	-
Other Cost	-	-	-	-
TOTAL EXPENDITURES	-	1,131,400	270,078	(861,322)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds	-	-	-	-
Compensation Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers Out:				
Transfers - out to other state agencies	-	-	-	-
Reversion -	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
OTHER FINANCING SOURCES (USES)				
	\$ -	-	458,822	458,822

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
PROGRAM SUPPORT PROGRAM
SUPPLEMENTAL APPROPRIATION: LAWS 2008, CHAPTER 3, SECTION 6, ITEM (19)
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	1,436,400	1,436,400	-
Fund balance	-	-	-	-
TOTAL REVENUES	-	1,436,400	1,436,400	-
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Healthcare Services	-	-	-	-
Other Cost	-	2,394,000	2,394,000	-
TOTAL EXPENDITURES	-	2,394,000	2,394,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds	-	957,600	957,600	-
Compensation Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers Out:				
Transfers - out to other state agencies	-	-	-	-
Reversion -	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	957,600	957,600	-
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
OTHER FINANCING SOURCES (USES)				
	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
CHILD SUPPORT ENFORCEMENT PROGRAM - GENERAL APPROPRIATION ACT OF 2007
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ 4,570,400	4,570,400	3,760,875	(809,525)
Federal grants	19,470,400	20,470,400	22,275,040	1,804,640
Fund balance	-	-	-	-
		-		
TOTAL REVENUES	24,040,800	25,040,800	26,035,915	995,115
EXPENDITURES:				
Current:				
Personnel services and benefits	19,633,100	20,403,100	20,400,841	(2,259)
Contractual services	7,503,000	7,211,441	7,130,364	(81,077)
Healthcare Service	-	-	-	-
Operating costs	4,550,000	5,071,559	5,068,613	(2,946)
TOTAL EXPENDITURES	31,686,100	32,686,100	32,599,818	(86,282)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	7,213,500	7,213,500	7,213,500	-
Comp. Package	431,800	431,800	431,800	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers - out to other state agencies	-	-	-	-
Transfers out - Reversions	-	-	(29,027)	(29,027)
TOTAL OTHER FINANCING SOURCES (USES)	7,645,300	7,645,300	7,645,300	(29,027)
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
FINANCING SOURCES (USES)	\$ -	-	1,052,370	1,052,370

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
MEDICAL ASSISTANCE PROGRAM - GENERAL APPROPRIATION ACT OF 2007 FUND 052 P524
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over Under (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ 1,007,400	1,393,534	1,292,864	(100,670)
Federal grants	41,920,600	54,401,841	47,819,743	(6,582,098)
Fund Balance	-	-	-	-
TOTAL REVENUES	42,928,000	55,795,375	49,112,607	(6,682,768)
EXPENDITURES:				
Current:				
Personnel services and benefits	10,074,700	11,616,818	11,483,619	(133,199)
Contractual services	27,259,100	26,358,991	18,154,979	(8,204,012)
Healthcare Services	-	-	-	-
Operating costs	2,372,900	7,477,348	8,314,346	836,998
TOTAL EXPENDITURES	39,706,700	45,453,157	37,952,944	(7,500,213)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	9,629,300	9,629,300	9,629,300	-
Compensation Packaage	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	1,522,800	1,522,800	482,180	(1,040,620)
Transfers out:				
Transfers - out to other state agencies	(14,373,400)	(21,494,318)	(21,286,086)	208,232
Reversion	-	-	(19,969)	(19,969)
TOTAL OTHER FINANCING SOURCES (USES)	(3,221,300)	(10,342,218)	(11,194,575)	(852,357)
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
FINANCING SOURCES (USES)				
	\$ -	-	(34,912)	(34,912)

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM
FUND 502 ROLL UP P525
JUNE 30, 2008

First Year	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over Under
	Original	Final		
REVENUES:				
Miscellaneous	\$ 1,384,500	1,384,500	2,306,669	922,169
Federal grants	83,690,900	84,508,489	75,943,357	(8,565,132)
Fund balance	-	-	-	-
TOTAL REVENUES	85,075,400	85,892,989	78,250,026	(7,642,963)
EXPENDITURES:				
Current:				
Personnel services and benefits	49,268,900	49,422,900	46,813,596	(2,609,304)
Contractual services	8,380,700	8,437,700	6,741,362	(1,696,338)
Healthcare Service	-	-	-	-
Operating costs	16,687,500	17,951,089	16,209,844	(1,741,245)
TOTAL EXPENDITURES	74,337,100	75,811,689	69,764,802	(6,046,887)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	25,987,700	28,164,700	28,427,863	263,163
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	997,300	1,497,300	1,497,300	-
Transfers out:				
Transfers - out to other state agencies	(37,723,300)	(39,743,300)	(37,652,283)	2,091,017
Transfers out - Reversions	-	-	(8,103)	(8,103)
TOTAL OTHER FINANCING SOURCES (USES)	(10,738,300)	(10,081,300)	(7,735,223)	2,346,077
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
FINANCING SOURCES (USES)				
	\$ -	-	750,001	750,001

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM - GENERAL APPROPRIATION ACT OF 2007
June 30, 2008

FUND 052	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over Under
	Original	Final		
REVENUES:				
Miscellaneous	\$ 1,384,500	1,384,500	2,306,669	922,169
Federal grants	83,690,900	84,508,489	75,943,357	(8,565,132)
Fund balance	-	-	-	-
TOTAL REVENUES	85,075,400	85,892,989	78,250,026	(7,642,963)
EXPENDITURES:				
Current:				
Personnel services and benefits	49,268,900	49,422,900	46,813,596	(2,609,304)
Contractual services	8,380,700	8,380,700	6,692,465	(1,688,235)
Healthcare Service				
Operating costs	16,687,500	17,851,089	16,209,844	(1,641,245)
TOTAL EXPENDITURES	74,337,100	75,654,689	69,715,905	(5,938,784)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	25,987,700	25,987,700	26,250,863	263,163
Compensation Package	-	-	-	-
Supplemental	-	-	-	-
Transfers in from other state agencies	997,300	1,497,300	1,497,300	-
Transfers out:				
Transfers out to other agencies	(37,723,300)	(37,723,300)	(37,632,283)	91,017
Transfers out - Reversions	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(10,738,300)	(10,238,300)	(9,884,120)	354,180
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)				
	\$ -	-	(1,349,999)	(1,349,999)

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM - APPROPRIATION
LAWS 2008 REG. SESSION, SB471, CHAPTER 92, SECTION 54, PAGE 184
JUNE 30, 2008

First Year	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over Under
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Healthcare Service	-	-	-	-
Operating costs	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	2,000,000	2,000,000	-
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers - out to other state agencies	-	(2,000,000)	-	2,000,000
Transfers out - Reversions	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,000,000	2,000,000
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
FINANCING SOURCES (USES)				
	\$ -	-	2,000,000	2,000,000

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM - APPROPRIATION
LAWS 2008 REG. SESSION, HB2, CHAPTER 3, SECTION 5, ITEM 73, PAGE 236
JUNE 30, 2008

First Year - LIHEAP	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Healthcare Service	-	-	-	-
Operating costs - Financial Assistance	-	100,000	-	(100,000)
TOTAL EXPENDITURES	-	100,000	-	(100,000)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	100,000	100,000	-
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers - out to other agencies	-	-	-	-
Transfers out - Reversions	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	100,000	100,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	100,000	100,000

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM - APPROPRIATION
LAWS 2007 REG. SESSION, SB611, CHAPTER 21, SECTION 22(1), PAGE 27
JUNE 30, 2008

Last Year	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over Under
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	57,000	48,897	(8,103)
Healthcare Service	-	-	-	-
Operating costs	-	-	-	-
TOTAL EXPENDITURES	-	57,000	48,897	(8,103)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	57,000	57,000	-
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers - out to other state agencies	-	-	-	-
Transfers out - Reversions	-	-	(8,103)	(8,103)
TOTAL OTHER FINANCING SOURCES (USES)	-	57,000	48,897	(8,103)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)				
	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM - APPROPRIATION
LAWS 2007 REG. SESSION, SB611, CHAPTER 21, SECTION 22(2), PAGE 27
JUNE 30, 2008

Last Year	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over Under
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Healthcare Service	-	-	-	-
Operating costs	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	20,000	20,000	-
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers - out to other state agencies	-	(20,000)	(20,000)	-
Transfers out - Reversions	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)				
	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - ROLL-UP
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ 42,000	-	224,294	224,294
Federal grants	25,030,800	28,573,800	27,210,235	(1,363,565)
	-	-	-	-
TOTAL REVENUES	25,072,800	28,573,800	27,434,529	(1,139,271)
EXPENDITURES:				
Current:				
Personnel services and benefits	3,076,600	2,829,600	2,445,679	(383,921)
Contractual services	62,680,200	70,104,206	69,057,811	(1,046,395)
Healthcare Services	-	-	-	-
Operating costs	1,710,900	2,060,000	1,653,782	(406,218)
TOTAL EXPENDITURES	67,467,700	74,993,806	73,157,272	(1,836,534)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds appropriation	44,000,300	46,342,300	46,342,300	-
Compensation Package	66,700	66,700	66,700	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	1,683,106	627,206	(1,055,900)
Transfers out:				
Transfers - out to other state agencies	(1,672,100)	(1,672,100)	(1,648,182)	23,918
Transfers out - Reversions	-	-	(265,010)	(265,010)
TOTAL OTHER FINANCING SOURCES (USES)	42,394,900	46,420,006	45,123,014	(1,296,992)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)				
	\$ -	-	(599,729)	(599,729)

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - GENERAL APPROPRIATION ACT OF 2007
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ 42,000	-	224,294	224,294
Federal grants	25,030,800	28,573,800	27,210,235	(1,363,565)
				-
TOTAL REVENUES	25,072,800	28,573,800	27,434,529	(1,139,271)
EXPENDITURES:				
Current:				
Personnel services and benefits	3,076,600	2,829,600	2,445,679	(383,921)
Contractual services	62,680,200	68,662,206	67,620,764	(1,041,442)
Operating costs	1,710,900	1,060,000	653,782	(406,218)
				-
TOTAL EXPENDITURES	67,467,700	72,551,806	70,720,225	(1,831,581)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds appropriation	44,000,300	44,000,300	44,000,300	-
Compensation Package	66,700	66,700	66,700	-
Transfers - in from other state agencies	-	1,583,106	527,206	(1,055,900)
Transfers out:				
Transfers - out to other state agencies	(1,672,100)	(1,672,100)	(1,648,182)	23,918
Transfers out - Reversions	-	-	(260,057)	(260,057)
				-
TOTAL OTHER FINANCING SOURCES (USES)	42,394,900	43,978,006	42,685,967	(1,292,039)
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
FINANCING SOURCES (USES)	\$ -	-	(599,729)	(599,729)

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 7
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	50,000	50,000	-
TOTAL EXPENDITURES	-	50,000	50,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	50,000	50,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	50,000	50,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 10
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	125,000	125,000	-
TOTAL EXPENDITURES	-	125,000	125,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	125,000	125,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	125,000	125,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 11
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	12,000	12,000	-
TOTAL EXPENDITURES	-	12,000	12,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	12,000	12,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	12,000	12,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 17
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	360,000	360,000	-
TOTAL EXPENDITURES	-	360,000	360,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	360,000	360,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	360,000	360,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 25
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	35,000	35,000	-
TOTAL EXPENDITURES	-	35,000	35,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	35,000	35,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	35,000	35,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	-	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 26
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	200,000	200,000	-
TOTAL EXPENDITURES	-	200,000	200,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	200,000	200,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	200,000	200,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 27
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	100,000	100,000	-
TOTAL EXPENDITURES	-	100,000	100,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	100,000	100,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	100,000	100,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 31
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	30,000	30,000	-
TOTAL EXPENDITURES	-	30,000	30,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	30,000	30,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	30,000	30,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 35
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	30,000	30,000	-
TOTAL EXPENDITURES	-	30,000	30,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	30,000	30,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	30,000	30,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 36
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	60,000	60,000	-
TOTAL EXPENDITURES	-	60,000	60,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	60,000	60,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	60,000	60,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 42
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	20,000	20,000	-
TOTAL EXPENDITURES	-	20,000	20,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	20,000	20,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	20,000	20,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 43
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	250,000	245,047	(4,953)
TOTAL EXPENDITURES	-	250,000	245,047	(4,953)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	250,000	250,000	-
Transfers Out:				
Reversion -	-	-	(4,953)	(4,953)
TOTAL OTHER FINANCING SOURCES (USES)	-	250,000	250,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	4,953	4,953

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - SB611 SECTION 26 ITEM 44
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	70,000	70,000	-
TOTAL EXPENDITURES	-	70,000	70,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	70,000	70,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	70,000	70,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES PROGRAM - GENERAL APPROPRIATION
ACT OF 2007, HB2, SECTION 5
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Contractual services	-	100,000	100,000	-
TOTAL EXPENDITURES	-	100,000	100,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Transfers in from other state agencies	-	100,000	100,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	100,000	100,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
BEHAVIORAL HEALTH SERVICES DIVISION - SB827 SECTION 21
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
TOTAL REVENUES	\$ -	-	-	-
EXPENDITURES:				
Current:				
Operating Costs	-	1,000,000	1,000,000	-
TOTAL EXPENDITURES	-	1,000,000	1,000,000	-
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	1,000,000	1,000,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	1,000,000	1,000,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
PROGRAM SUPPORT PROGRAM
SPECIAL APPROPRIATION: FUND 901 ROLL-UP
JUNE 30, 2008

	Budgeted Amounts		Budgeted	Variance
	Original	Final	Amounts (Budgetary Actual)	Over Under
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	6,098,945	5,596,400	(502,545)
Fund balance	-	3,329,662	-	(3,329,662)
TOTAL REVENUES	-	9,428,607	5,596,400	(3,832,207)
EXPENDITURES:				
Current:				
Personnel services and benefits	-	100,000	-	(100,000)
Contractual services	-	6,166,347	5,246,836	(919,511)
Other Cost	-	4,178,878	3,707,724	(471,154)
TOTAL EXPENDITURES	-	10,445,225	8,954,560	(1,490,665)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds	-	-	-	-
Compensation Package	-	-	-	-
Supplemental	-	1,016,618	666,618	(350,000)
Transfers in	-	-	-	-
Transfers Out:				
Other Financing Uses	-	-	-	-
Reversion -	-	-	(88,697)	(88,697)
TOTAL OTHER FINANCING SOURCES (USES)	-	1,016,618	577,921	(438,697)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES OTHER FINANCING SOURCES (USES)	\$ -	-	(2,780,239)	(2,780,239)

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
PROGRAM SUPPORT PROGRAM
SPECIAL APPROPRIATION FOR EDMS: LAWS 2008,
CHAPTER 3, SECTION 7, ITEM (25)
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Federal grants	\$ -	480,344	391,893	(88,451)
Fund balance	-	763,996	-	(763,996)
TOTAL REVENUES	-	1,244,340	391,893	(852,447)
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	646,016	449,777	(196,239)
Other Cost	-	604,584	551,876	(52,708)
TOTAL EXPENDITURES	-	1,250,600	1,001,653	(248,947)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds	-	-	-	-
Compensation Package	-	-	-	-
Other Financing Sources	-	6,260	6,260	-
Transfers Out:				
Other Financing Uses	-	-	-	-
Reversion -	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	6,260	6,260	-
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
OTHER FINANCING SOURCES (USES)	\$ -	-	(603,500)	(603,500)

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
PROGRAM SUPPORT PROGRAM
SPECIAL APPROPRIATION FOR HIPAA: LAWS 2007,
CHAPTER 26, SECTION 7, ITEM (20)
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Federal grants	\$ -	5,332,911	4,769,243	(563,668)
Fund balance	-	2,492,564	-	-
TOTAL REVENUES	-	7,825,475	4,769,243	(563,668)
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	4,911,159	4,721,819	(189,340)
Other Cost	-	3,474,466	3,111,471	(362,995)
TOTAL EXPENDITURES	-	8,385,625	7,833,290	(552,335)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds	-	-	-	-
Compensation Package	-	-	-	-
Other Financing Sources	-	560,150	210,150	(350,000)
Transfers Out:				
Other Financing Uses	-	-	-	-
Reversion -	-	-	(32,474)	(32,474)
TOTAL OTHER FINANCING SOURCES (USES)	-	560,150	177,676	(382,474)
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
OTHER FINANCING SOURCES (USES)	\$ -	-	(2,886,371)	(393,807)

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
PROGRAM SUPPORT PROGRAM
SPECIAL APPROPRIATION FOR ISD2R: LAWS 2008,
CHAPTER 3, SECTION 7, ITEM (27)
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Federal grants	\$ -	285,690	435,264	149,574
Fund balance	-	73,102	-	-
TOTAL REVENUES	-	358,792	435,264	149,574
EXPENDITURES:				
Current:				
Personnel services and benefits	-	75,000	-	(75,000)
Contractual services	-	424,700	75,240	(349,460)
Other Cost	-	34,300	-	(34,300)
TOTAL EXPENDITURES	-	534,000	75,240	(458,760)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds	-	-	-	-
Compensation Package	-	-	-	-
Other Financing Sources	-	175,208	175,208	-
Transfers Out:				
Other Financing Uses	-	-	-	-
Reversion -	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	175,208	175,208	-
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
OTHER FINANCING SOURCES (USES)	\$ -	-	535,232	608,334

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
PROGRAM SUPPORT DIVISION
SPECIAL FOR EES/YES-NM: LAWS 2008,
CHAPTER 3, SECTION 7, ITEM (26)
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Current:				
Personnel services and benefits	-	25,000	-	(25,000)
Contractual services	-	184,472	-	(184,472)
Other Cost	-	65,528	44,377	(21,151)
TOTAL EXPENDITURES	-	275,000	44,377	(230,623)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Funds	-	-	-	-
Compensation Package	-	-	-	-
Other Financing Sources	-	275,000	275,000	-
Transfers Out:				
Other Financing Uses	-	-	-	-
Reversion -	-	-	(56,223)	(56,223)
TOTAL OTHER FINANCING SOURCES (USES)	-	275,000	218,777	(56,223)
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
OTHER FINANCING SOURCES (USES)	\$ -	-	174,400	174,400

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM
ROLL UP FUND 974 P525
JUNE 30, 2008

Last Year	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	10,400,000	15,930,149	14,409,648	(1,520,501)
Fund balance	719,744	719,744	-	(719,744)
TOTAL REVENUES	11,119,744	16,649,893	14,409,648	(2,240,245)
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Healthcare Service	11,119,744	18,549,893	15,396,174	(3,153,719)
Operating costs	-	-	-	-
TOTAL EXPENDITURES	11,119,744	18,549,893	15,396,174	(3,153,719)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	1,900,000	1,900,000	-
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers out to other agencies	-	-	-	-
Transfers out - Reversions	-	-	(17,612)	(17,612)
TOTAL OTHER FINANCING SOURCES (USES)	-	1,900,000	1,882,388	(17,612)
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
FINANCING SOURCES (USES)				
	\$ -	-	895,862	895,862

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM - APPROPRIATION
LAWS 2005 SP. SESSION, HB8, CHPT 2, SECTION 3; EXTENDED LANGUAGE
2006 RG. SESSION, SB415, CHPT. 110, SECTION 3
JUNE 30, 2008

Last Year	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	-	-	-
Fund balance	719,744	719,744	-	-
TOTAL REVENUES	719,744	719,744	-	-
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Financial Assistance	719,744	719,744	702,132	(17,612)
Operating costs	-	-	-	-
TOTAL EXPENDITURES	719,744	719,744	702,132	(17,612)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	-	-	-
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers out to other agencies	-	-	-	-
Transfers out - Reversions	-	-	(17,612)	(17,612)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(17,612)	(17,612)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)				
	\$ -	-	(719,744)	(719,744)

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM - GENERAL APPROPRIATION ACT OF 2007
JUNE 30, 2008

FUND 974	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over Under
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	10,400,000	15,930,149	14,409,648	(1,520,501)
Fund balance	-	-	-	-
TOTAL REVENUES	10,400,000	15,930,149	14,409,648	(1,520,501)
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Financial Assistance	10,400,000	15,930,149	14,409,645	(1,520,504)
Operating costs	-	-	-	-
TOTAL EXPENDITURES	10,400,000	15,930,149	14,409,645	(1,520,504)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	-	-	-
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers out to other agencies	-	-	-	-
Transfers out - Reversions	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
FINANCING SOURCES (USES)				
	\$ -	-	3	3

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM - APPROPRIATION
LAWS 2008 REG. SESSION HB2, CHAPTER 3, SECTION 5, ITEM 73, PAGE 236
JUNE 30, 2008

First Year - LIHEAP	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	-	-	-	-
Financial Assistance	-	1,900,000	284,397	(1,615,603)
Operating costs - Financial Assistance	-	-	-	-
TOTAL EXPENDITURES	-	1,900,000	284,397	(1,615,603)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	-	1,900,000	1,900,000	-
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers - out to other agencies	-	-	-	-
Transfers out - Reversions	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	1,900,000	1,900,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	\$ -	-	1,615,603	1,615,603

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM - GENERAL APPROPRIATION ACT OF 2007
JUNE 30, 2008

FUND 975	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ 2,226,000	2,226,000	2,226,000	-
Federal grants	372,819,400	346,067,315	328,807,009	(17,260,306)
Fund balance	-	-	-	-
TOTAL REVENUES	375,045,400	348,293,315	331,033,009	(17,260,306)
EXPENDITURES:				
Current:				
Personnel services and benefits	1,000,000	1,000,000	594,664	(405,336)
Contractual services	16,450,000	16,750,000	15,272,973	(1,477,027)
Operating costs - Financial Assistance	377,020,000	349,967,915	334,441,572	(15,526,343)
Healthcare Service	-	-	-	-
TOTAL EXPENDITURES	394,470,000	367,717,915	350,309,209	(17,408,706)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	19,424,600	19,424,600	19,243,699	(180,901)
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers - out to other agencies	-	-	-	-
Transfers out - Reversions	-	-	(65,125)	(65,125)
TOTAL OTHER FINANCING SOURCES (USES)	19,424,600	19,424,600	19,178,574	(246,026)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)				
	\$ -	-	(97,626)	(97,626)

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
MEDICAL ASSISTANCE PROGRAM - GENERAL APPROPRIATION ACT OF 2007 FUND 976 P524
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Miscellaneous	\$ 57,891,000	66,834,000	53,634,323	(13,199,677)
Federal grants	2,038,804,500	2,047,805,000	2,034,663,155	(13,141,845)
Fund Balance	-	-	-	-
TOTAL REVENUES	2,096,695,500	2,114,639,000	2,088,297,478	(26,341,522)
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	4,250,000	3,900,000	3,851,080	(48,920)
Healthcare Service	2,779,709,300	2,792,024,700	2,785,727,544	(6,297,156)
TOTAL EXPENDITURES	2,783,959,300	2,795,924,700	2,789,578,624	(6,346,076)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	636,056,000	628,216,000	628,216,000	-
Compensation Package	-	-	-	-
Supplemental Appropriation	-	-	-	-
Transfers - in from other state agencies	107,091,000	108,952,900	112,980,588	4,027,688
Transfers out:				
Transfers - out to other state agencies	(55,883,200)	(55,883,200)	(39,915,442)	15,967,758
Reversion	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	687,263,800	681,285,700	701,281,146	19,995,446
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)				
	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
MEDICAL ASSISTANCE PROGRAM - SUPPLEMENTAL APPROPRIATION
LAWS 2008, CHAPTER 3, SECTION 6, ITEM 18
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Federal grants	\$ 27,000,000	27,000,000	27,000,000	-
TOTAL REVENUES	<u>27,000,000</u>	<u>27,000,000</u>	<u>27,000,000</u>	<u>-</u>
EXPENDITURES:				
Current:				
Healthcare Service	41,500,000	41,500,000	41,500,000	-
TOTAL EXPENDITURES	<u>41,500,000</u>	<u>41,500,000</u>	<u>41,500,000</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in:				
Supplemental Appropriation	14,500,000	14,500,000	14,500,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>14,500,000</u>	<u>14,500,000</u>	<u>14,500,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
INCOME SUPPORT PROGRAM - GENERAL APPROPRIATION ACT OF 2007
JUNE 30, 2008

FUND 976	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over Under
	Original	Final		
REVENUES:				
Miscellaneous	\$ -	-	-	-
Federal grants	-	-	-	-
Fund balance	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES:				
Current:				
Personnel services and benefits	-	-	-	-
Contractual services	107,200	107,200	-	(107,200)
Healthcare Service	-	-	24,939	24,939
Operating costs	-	-	-	-
TOTAL EXPENDITURES	107,200	107,200	24,939	(82,261)
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund appropriation	107,200	107,200	24,939	(82,261)
Comp. Package	-	-	-	-
Supplemental	-	-	-	-
Transfers - in from other state agencies	-	-	-	-
Transfers out:				
Transfers - out to other state agencies	-	-	-	-
Transfers out - Reversions	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	107,200	107,200	24,939	(82,261)
EXCESS (DEFICIENCY) OF				
REVENUES OVER (UNDER)				
EXPENDITURES AND OTHER USES				
FINANCING SOURCES (USES)				
	\$ -	-	-	-

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
MEDICAID BEHAVIORAL HEALTH PROGRAM - GENERAL APPROPRIATION ACT
OF 2007 - FUND 976 P766
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Federal grants	\$ 209,860,000	209,860,000	209,860,000	-
TOTAL REVENUES	<u>209,860,000</u>	<u>209,860,000</u>	<u>209,860,000</u>	<u>-</u>
EXPENDITURES:				
Current:				
Contractual Services	292,870,000	292,870,000	292,870,000	-
TOTAL EXPENDITURES	<u>292,870,000</u>	<u>292,870,000</u>	<u>292,870,000</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund Appropriation	83,010,000	83,010,000	83,010,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>83,010,000</u>	<u>83,010,000</u>	<u>83,010,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
MEDICAID BEHAVIORAL HEALTH PROGRAM - GENERAL APPROPRIATION ACT OF 2007
JUNE 30, 2008

	Budgeted Amounts		Budgeted Amounts (Budgetary Actual)	Variance Over (Under)
	Original	Final		
REVENUES:				
Federal grants	\$ 189,700,000	189,700,000	189,700,000	-
TOTAL REVENUES	<u>189,700,000</u>	<u>189,700,000</u>	<u>189,700,000</u>	<u>-</u>
EXPENDITURES:				
Current:				
Financial Assistance	264,870,000	264,870,000	264,870,000	-
TOTAL EXPENDITURES	<u>264,870,000</u>	<u>264,870,000</u>	<u>264,870,000</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers in:				
General Fund Appropriation	75,170,000	75,170,000	75,170,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>75,170,000</u>	<u>75,170,000</u>	<u>75,170,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES FINANCING SOURCES (USES)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Grantor Pass-Through Grantor Number	Federal Expenditures
Department of Agriculture (USDA) Direct Programs:			
Food and Nutrition Services (FNS)			
Commodities Assurance (SAE)	10.560	12-35-3501	S 301,144
Food Nutrition Commodity Program (noncash)	10.569	None	5,913,630
Temporary Emergency Food Assistance Program (TEFAP)	10.568		567,637
Subtotal Food and Nutrition Services			<u>6,782,411</u>
Food Stamp Program			
Administration and SAVE	10.561	12-35-3501	18,374,723
Food Stamp Employment/Training Grant	10.561	12-35-3501	1,043,448
Food Stamp State Exchange	10.561	12-35-3501	5,130
FS & EBT Distribution	10.551	58-3189-8-104	260,150,017
Subtotal Food Stamp Program			<u>279,573,318</u>
Total USDA			<u>286,355,729</u>
Department of Health and Human Services (DHHS):			
Family Support Administration Direct Programs:			
Administration of Child Support Enforcement Program	93.563	G-XX-04-NM-4004	31,339,356
TANF	93.558	G-XX-04-NM-TANF	111,306,129
Low Income Energy Assistance Program (Title XXVI)	93.568	G-XX-B1-NM-LIEA	16,168,420
Total Family Support Administration Direct Programs			158,813,905
Family Support Administration Pass-Through Programs - Community Service Block Grant			
	93.569	01-XX-B1-NM-COSR	1,868,006
Administration for Children, Youth and Families			
Direct Programs - Refugee Resettlement Program (CMA)	93.566	G-XX-04-NM-6100	481,918
Refugee Cuban/Haitian	93.576	90RQ0017/02	50,001
Refugee School Impact	93.576	90ZE0079/01	101,878
Refugee Resettlement Program (SS)	93.566	G-XX-04-NM-6110	179,783
Total			<u>813,580</u>
Office of Health Care Finance Administration Direct Programs:			
Medical Assistance Payments (Title XIX)	93.778	05-XX-05-NM-5028	2,198,468,613
Administration and Training (Title XIX)	93.778	05-XX-05-NM-5048	78,339,519
Children's Health Insurance Program SCHIP	93.767	05-XX05-NM5021	39,649,603
Total Office of Health Care Finance Administration Direct Programs			<u>2,316,457,735</u>
Office of Health Care Finance Administration Pass-Through Program - Title XIX Certification			
	93.777	05-XX-05-NM-5001	2,238,587
Health Resources and Services Administration			
HRSA State Planning Grant	93.256	1 P09OA01683-01-00	201,530
Centers for Medicare & Medicaid Services			
Healthy Start GrowSmart	93.778	None	139,580
E Prescribe	93.793	0705NMTRA1/01	600,216
E Health	93.793	0705NMTRA2/01	699,074
Working Disabled	93.768	5-00-00-A9-1221	773,593
Total			<u>2,413,993</u>
Substance Abuse and Mental Health Services Administration:			
Center for Mental Health Services (CMHS)			
Community Mental Health Services Block Grant	93.958	3B09SM010037-07S2	2,053,622
Programs for Assistance in Transition from Homelessness	93.150	2X06SM060032-07	295,930
Dev. & Implement of Admin & Clinical Services	93.243	SM056588	913,164
Subtotal Mental Health Services			<u>3,262,716</u>
Statewide Behavioral Health System Transformation			
Pass-through Programs from Department of Finance and Administration	93.243	U79SM57464-03	2,084,524
Center for Substance Abuse Treatment (CSAT)			
Substance Abuse Treatment and Rehabilitation	93.959	BINMSAPT-XX	8,337,603
Access to Recovery	93.275	T1019504	11,034,782
Screening, Brief Intervention, Referral and Treatment	93.243	T1015958	3,341,115
Data Infrastructure Grant	93.243	SM058118	169,757
Subtotal Substance Abuse Treatment			<u>22,883,257</u>
Total Substance Abuse and Mental Health Administration			<u>28,230,497</u>
Total DHHS			<u>2,510,836,303</u>
Total Federal Assistance			<u>S 2,797,192,032</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the state of New Mexico Human Services Department and is presented on an accrual basis including all non-cash federal assistance in the form of food commodities amounting to \$5,913,630. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Not-for-Profit Organizations.

Subrecipients

Of the federal expenditures presented in the schedule, the state of New Mexico Human Services Department provided federal awards to subrecipients as follows:

Program/Subrecipient	Total paid
Food Stamp Program (CFDA #10.561):	
Children Youth & Families Dept	\$ 300,500
New Mexico State University	542,635
TOTAL:	843,135

Temporary Emergency Food Assistance Program (CFDA #10.569)	
NM Association of Food Banks	440,751

Medicaid (CFDA #93.778)	
Agency on Aging	1,592,965
Alamogordo Public Schools	20,507
Albuquerque Public Schools	399,269
Artesia Public Schools	15,034
Belen Consolidated Schools	53,580
Bernalillo Public Schools	53,720
Board of Nursing	18,700
Carlsbad Municipal Schools	32,394
Catholic Charities	50,000
Central Region Educational Cooperative	38,892
Children Youth and Families Department	1,125,879
Clovis Municipal Schools	20,943
Cobre Consolidated Schools	21,324
Department of Education	25,989
Department of Health	13,103,290
Department of Vocational Rehabilitation	75,000
Disability Developmental Planning Council	49,994
Espanola Municipal Schools	32,766
Farmington Municipal Schools	75,323
Gadsden Independent Schl District	159,398
High Plains Regional Center Coop	59,966
Jemez Valley Schools	14,281
Las Cruces School District #2	189,265
Los Lunas Schools	176,271
Lovington Municipal Schools	11,953
Moriarty Municipal Schools	20,445
New Mexico State University	128,879
NM Assembly on School	46,000
Pecos Valley Regional Education Center #8	15,913
Regional Educational Center #6	26,078

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008

Regional Educational Center #7	\$ 39,274
Rio Rancho Public Schools	62,303
Roswell Independent Schools	60,914
Santa Fe Public Schools	23,915
Silver City Public School	12,455
Socorro Consolidated Schools	28,803
Southwest Regional Education Center	40,319
Taos Municipal Schools	10,105
Tucumcari Municipal Schools	4,266
West Las Vegas School District	23,268
University of New Mexico	621,093
TOTAL:	<u>18,580,733</u>
Title XIX Certification (CFDA #93.777)	
Department of Health	<u>2,238,587</u>
TANF (CFDA #93.558)	
Aging and Long Term Services	705,729
Children Youth & Families Dept.	34,819,300
Commission on Status of Women	1,426,466
NM State University	9,864,884
TOTAL:	<u>46,816,379</u>
Refugee Resettlement Program (CFDA #93.566)	
Catholic Charities	171,165
Department of Health	70,377
TOTAL:	<u>241,542</u>
Refugee Cuban/Haitian Program (CFDA #93.576)	
Catholic Charities	<u>50,000</u>
Refugee School Impact Program (CFDA #93.576)	
Catholic Charities	<u>109,871</u>
Community Services Block Grant (CFDA #93.569)	
Eastern Plains CAA	147,357
Economic Council Helping Others	180,984
Empowering Our Communities In	110,127
Help - New Mexico	696,381
Midwest NM Cap	325,185
Open Hands	211,053
Southeast NM Comm Action Agency	335,344
Southern Community Action Agency	418,071
TOTAL:	<u>2,424,502</u>

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2008

Working Disabled (CFDA #93-768)		
Department of Vocational Rehabilitation		\$ 295,000
Governor's Commission on Disability		10,938
Office of Workforce Training & Development		<u>132,775</u>
	TOTAL:	<u>438,713</u>
Low-Income Home Energy Assistance (CFDA #93.568)		
NM Mortgage Finance Authority		<u>750,000</u>
Community Mental Health Services Block Grant (CFDA #93.958)		
Children Youth & Families Dept		420,713
Life Link		<u>368,124</u>
	TOTAL:	<u>788,837</u>
Programs for Assistance in Transition from Homelessness (CFDA #93.150)		
Life Link		60,741
St. Martin's Center		<u>143,760</u>
	TOTAL:	<u>204,501</u>
Data Infrastructure Grant (CFDA #93.243)		
Life Link		66,765
Department of Health		<u>33,000</u>
	TOTAL:	<u>99,765</u>
Substance Abuse Prevention and Treatment (CFDA #93.959)		
Department of Health		1,280,445
Life Link		<u>372,124</u>
	TOTAL:	<u>1,652,569</u>
	TOTAL	<u><u>\$ 75,193,699</u></u>

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

Ms. Pamela Hyde, Cabinet Secretary
New Mexico Human Services Department
Santa Fe, New Mexico
And
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the remaining fund information, and the respective budgetary comparison for each major fund of the State of New Mexico Human Services Department (Department), as of and for the year ended June 30, 2008, which collectively comprise the Department's basic financial statements and have issued our report thereon dated December 15, 2008. We have also audited the fiduciary fund as of June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Ms. Pamela Hyde, Cabinet Secretary
New Mexico Human Services Department
Santa Fe, New Mexico
And
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as 08-01 to 08-02.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Ms. Pamela Hyde, Cabinet Secretary
New Mexico Human Services Department
Santa Fe, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

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

This report is intended solely for the information and use of the Department's management, federal awarding agencies, the New Mexico State Auditor's Office, Department of Finance Administration, and Legislative Finance Committee and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Albuquerque, New Mexico
December 15, 2008

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

Ms. Pamela Hyde, Cabinet Secretary
New Mexico Human Services Department
Santa Fe, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

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

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

Ms. Pamela Hyde, Cabinet Secretary
New Mexico Human Services Department
Santa Fe, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

In our opinion, the Department complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, 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 items 06-03, 07-10 and 08-03 to 08-06.

Internal Control Over Compliance

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

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficient is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote

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likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 06-2, 06-3, 07-10, 08-03 to 08-06 to be significant deficiencies.

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

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

This report is intended solely for the information and use of the Department's management, federal awarding agencies and pass-through entities, the New Mexico State Auditor's Office, Department of Finance Administration, and Legislative Finance Committee and is not intended to be and should not be used by anyone other than those specific parties.

Moss Adams LLP

Albuquerque, New Mexico
December 15, 2008

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? Yes None Reported

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es) Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

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 Program

CFDA Number	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families
10.551/10.561	Food Stamp Program Cluster
93.568	Low Income Energy Assistance Program
93.777/93.778	Medicaid Cluster
93.275	Access to Recovery
93.959	Substance Abuse and Prevention Treatment

Dollar threshold used to distinguish between type A and type B programs \$ 8,324,178

Auditee qualified as low-risk auditee? Yes No

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

B. FINANCIAL STATEMENT FINDINGS

08-01 Information Technology – User Account Management

CONDITION

User security account audits of network accounts are performed, but due to the limited number of Production Bureau staff this is not always done on a monthly basis as recommended in the prior year. It was also noted that security access testing is only performed for the SHARE system. The SHARE administrator reviews access rights on a quarterly basis by comparing job responsibilities/titles to access rights within SHARE to ensure that user rights are appropriate and that only active employees have user accounts.

In our review of the SHARE access for employees, we noted 513 terminated employees who had disabled SHARE accounts that were not yet removed. These disabled accounts can be reactivated by the Production Bureau. We also noted one employee who was terminated on October 2, 2008 but the employee's SHARE access was not disabled until November 7, 2008.

The ACS SAS 70 for the MMIS system reported that one terminated employee had an active account with administrator privileges and that multiple employees had administrator access to the Exchange Server through a common account.

CRITERIA

Per the State of NM Statewide Guideline "Enterprise IT Security Policy", S-GUIDE-002.003, "The State of New Mexico shall securely and economically protect its business functions, including public access to appropriate information and resources, while maintaining compliance with the legal requirements established by existing Federal and State statutes pertaining to confidentiality, privacy, accessibility, availability, and integrity."

Per NIST Publication 800-53A Security Assessments: Tools for Measuring the Effectiveness of Security Controls, "The selection and implementation of security controls are critical decisions for protecting the security of an organization's information and information systems. Security controls are the management, operational, and technical safeguards or countermeasures that protect the confidentiality, integrity, and availability of an information system and its information". This publication is listed in the HSD System Security Plan as an applicable regulation.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

08-01 Information Technology – User Account Management (Continued)

EFFECT

HSD is exposed to the risk that sensitive and confidential information is accessed by unauthorized individuals. HSD could be held liable in the event that personal or proprietary information is fraudulently used.

CAUSE

The current system for removing user logins is manual and requires multiple login changes that increase the current length of time it takes to remove users. The Production Bureau Chief stated that audits for stale accounts are only performed when personnel have the time to do them and that network account listings from GSD are not always current.

RECOMMENDATION

We recommend that administrators of critical systems such as ISD2, CSES, and MMIS (Omnicaid) review user accounts on a monthly basis and to ensure that there are no active accounts for terminated employees and that access within the application is appropriate for their job responsibilities. The Production Bureau personnel should review network accounts on a monthly basis to ensure that no active accounts exist for terminated employees and access to SHARE is appropriate. Stale, disabled or locked accounts should be removed from the systems in a timely manner.

MANAGEMENT RESPONSE

Management concurs. ITD is developing procedures for reviewing network accounts and has created a *Process for Creating, Editing and Removing User Logins* for ISD2, CSES, MMIS and network accounts which require periodic reviews. In addition, ITD is completing a Microsoft AD Health and Security Assessment which will clean-up the Active Directory (authentication tool) and establish an automatic clean-up going forward.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

08-02 Information Technology – Network Security

CONDITION

While the Department has firewalls, audit logs, and network monitoring tools in place, the Department recently determined that the eCSES system was infiltrated by hackers. This intrusion went undetected for the past two years.

CRITERIA

Per the State of NM Statewide Guideline “Enterprise IT Security Policy”, S-GUIDE-002.003, “The State of New Mexico shall securely and economically protect its business functions, including public access to appropriate information and resources, while maintaining compliance with the legal requirements established by existing Federal and State statutes pertaining to confidentiality, privacy, accessibility, availability, and integrity.

Per NIST Publication 800-53A Security Assessments: Tools for Measuring the Effectiveness of Security Controls, “The selection and implementation of security controls are critical decisions for protecting the security of an organization’s information and information systems. Security controls are the management, operational, and technical safeguards or countermeasures that protect the confidentiality, integrity, and availability of an information system and its information”. This publication is listed in the HSD System Security Plan as an applicable regulation.

EFFECT

The Department is exposed to the risk that sensitive and confidential information is accessed by unauthorized individuals. The ISD2 and CSES systems have been accessed by unauthorized users in the past two years and it is uncertain if data was compromised. The Department could be held liable in the event that personal or proprietary information is fraudulently used.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

08-02 Information Technology – Network Security (Continued)

CAUSE

The current monitoring tools, network and application access controls, firewall devices, and audit logs were not effective to prevent or detect unauthorized access through the department's website. We noted during discussions with Information Technology Division personnel that the Department has processes/ devices in place to secure the network and data but often they are restricted due to limited personnel and training. It was also discussed that personnel are addressing day to day issues and may not have time to deal with strategic or preventative measures.

RECOMMENDATION

The Department should review their current security controls on their network and applications and determine if additional software or hardware is needed to decrease the threat of intrusion. Audit logs of application activity may also need to be created or modified to provide better information to administrators about user activity. Because of the sensitivity of information processed, the Department should consider an Intrusion Detection System (IDS) to monitor for security breaches. While firewalls may provide strong security, without an IDS system, it is very difficult to realize that a breach occurred or react to a breach as it occurs. An IDS system can provide enterprise wide security, monitor incoming and outgoing traffic, provide protection for LANs, Internet, intranet and dial up access, selectively log session data, and provide audit trails to help reconstruct the attack for post-investigative analysis. In addition all personnel should be provided training to optimize the use of security controls.

MANAGEMENT RESPONSE

Management concurs. HSD has contracted for 24/7 offsite logging and monitoring. Based upon an escalation protocol that HSD has defined in conjunction with the contractor, HSD will be notified immediately when an event happens. ITD also implemented the following:

- Process for approving changes to HSD networks and firewalls.
- Requirement that all HSD ITD employees sign a memo acknowledging that they had been informed that all changes to the network and the firewall must have two approval signatures.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

06-02 Medicaid Uniform Cost Report Audits

Federal Program:

Medical Assistance Payments – U.S. Department of Health and Human Services, CFDA 93.777/93.778, Grant No. 05-05-05-NM-5001/05-05-05-NM-5028/05-05-05-NM-5048, Award Period, October 1, 2007 – September 30, 2008.

CONDITION

During our testwork over the Medicaid uniform cost report and statistical report audits as well as discussions with the Medical Assistance Division personnel, we noted that current cost reports and annual reconciliations for Hospital, Home Health Agency, Federally Qualified Health Center, and Rural Health Clinic providers were not being subject to a desk or field audit pending completion of the prior year reports for that agency. While the Medical Assistance Division and the State's audit agent have been making progress to clear the prior year audit backlog, there is still a backlog of cost report audits to be completed.

Below, we have summarized, by State fiscal year, the number of Hospital, Home Health Agency, and Federally Qualified Health Center provider cost report and annual reconciliations that have been received by the Department as of June 30, 2006, but have not been subject to a desk or field as of the Department's fiscal year end of June 30, 2008.

<u>SFY Received</u>	<u>No. of Reports</u>
2003	2
2004	12
2005	37
2006	52

CRITERIA

The Department's policies include the following requirements:

NMAC 8.311.3.14 (E)(1)

Each cost report submitted will be subjected to a comprehensive desk audit by the state's audit agent. This desk audit is for the purpose of analyzing the cost report. After each desk audit is performed, the audit agent will submit a complete report of the desk review to the department.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

06-02 Medicaid Uniform Cost Report Audits (Continued)

CRITERIA (CONTINUED)

NMAC 8.311.3.14 (E)(2)

Field audits will be performed on all facilities per the auditing schedule established by Medicaid.

Federal requirements are outlined as follows:

42 CFR §447.253

“(f) Uniform cost reporting. The Medicaid agency must provide for the filing of uniform cost reports by each participating provider.”

“(g) Audit requirements. The Medicaid agency must provide for periodic audits of the financial and statistical records of participating providers.”

42 CFR §447.202

As it relates to cost settlements, “The Medicaid agency must assure appropriate audit records if payment is based on costs of services on a fee plus cost of materials.”

QUESTIONED COSTS

None

EFFECT

Final hospital cost report settlements are delayed. This means that errors in hospital cost reports could go undetected until the audits are complete. This may result in a delay in determining final amounts due to or due from hospitals.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

06-02 Medicaid Hospital Cost Report Audits (Continued)

CAUSE

The Department's contract with its audit agent to audit hospital cost reports expired on January 28, 2004 and was not renewed until April 14, 2006. In an effort to efficiently complete the back audits, the Department is conducting all open audits on a per facility basis rather than auditing each year in order. Overall this allows the audits to be completed more quickly and is less intrusive on the provider agencies but delays the completion of some back audits.

In addition, the Department had difficulty extracting cost data from the Omnicaid system, which is provided to the audit agent and provider for completion of the desk or field audit. The issue only affected the hospital providers, which delayed submission of the cost reports from some of the providers and delayed the timeframe in which the audit agent could complete some of the reports.

RECOMMENDATION

We recommend that the Department continue to work with the contract audit agent so that the backlog of the cost report and annual reconciliation audits are completed in a more timely manner. To assist in completing the audits, we recommend that the Department develop internal goals for the completion of the audits.

MANAGEMENT RESPONSE

State/federal regulations or laws do not establish a timeframe in which the audits should be completed. 42 CFR §447.253 (g) states that agency must provide for periodic audits of reports and the Department complies with this requirement although we recognize that the backlog creates issues with the settlements. The Department recognizes the importance of ensuring that the reports are completed and that the final amounts are settled timely. This is a top priority for the audit agent as well as for the Medical Assistance Division. The Division will establish a timeline for completion of the audits and the audit agent will be expected to adhere to the schedule.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

06-03 Medicaid - Allowable Costs/Cost Principles: Drug rebates

Federal Program:

U.S. Department of Health and Human Services

Medical Assistance Payments - CFDA 93.777/93.778

Grant No. 05-05-05-NM-5028/05-05-05-NM-5048, Award Period October 1, 2007 – September 30, 2008

CONDITION

During our drug rebate testwork and discussion with ASD management, we noted that there has been no follow up action taken by the Department to contact the labeler for drug rebate invoices not collected within 30 days. We understand that the Account Receivable Bureau has been diligently working on developing and implementing a follow up plan, however, this was not scheduled to begin until after June 30, 2008.

CRITERIA

Section 1927 of the Social Security Act allows States to receive rebates for drug purchases the same as other payers receive. Drug manufacturers are required to provide a listing to CMS of all covered outpatient drugs and, on a quarterly basis, are required to provide their average manufacturer's price and their best prices for each covered outpatient drug. Based on these data, CMS calculates a unit rebate amount for each drug, which it then provides to States. No later than 60 days after the end of the quarter, the State Medicaid agency must provide to manufacturers drug utilization data. Within 30 days of receipt of the utilization data from the State, the manufacturers are required to pay the rebate or provide the State with written notice of disputed items not paid because of discrepancies found.

EFFECT

The Department is not meeting the federal requirements for drug rebate collections and the federal government may withhold Medicaid payments to the Department for noncompliance.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

06-03 Medicaid - Allowable Costs/Cost Principles: Drug rebates (Continued)

CAUSE

During SFY08 the Department continued to reconcile payment data in the Drug Rebate Analysis and Management System (DRAMS) to the previous accounting system. This reconciliation process was being performed to ensure that the balances owed by each manufacturer were correct in DRAMS. This process did not start end until the end of the SFY08. Collection could not be pursued until outstanding balances could be verified.

QUESTIONED COSTS

None

RECOMMENDATION

Now that the Department has completed the reconciliation process, we recommend they focus on collection efforts of outstanding invoices by implementing their designed controls for the drug rebate collection process.

MANAGEMENT RESPONSE

Management concurs. During fiscal year 2008 the Accounts Receivable (AR) Bureau completed research of drug rebate payment data for 2002 through 2005 to determine accurate outstanding drug rebate balances from all labelers. In July 2008 the AR Bureau began collection efforts on outstanding balances for 2002 through 2005.

By December 1, 2008 the AR Bureau sent 269 collection letters to 35 labelers for 95% of the total outstanding drug rebate balance for prior years, and \$190,645 have been collected. The AR Bureau continues to work with labelers to resolve balance discrepancies and update DRAMS. In addition, in fiscal year 2009 the AR Bureau sends collection letters to labelers with 30 days past due balances through the current quarter.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

07-10 Temporary Assistance for Needy Families (TANF) Refusal to Work

Federal Program:

U.S. Department of Health and Human Services, Temporary Assistance for Needy Families - CFDA 93.558, Grant No. G-0702NMTANF Award Period, October 1, 2006 – September 30, 2007, Grant No. G-0802NMTANF, Award Period, October 1, 2007– September 30, 2008

CONDITION

During our test work of the TANF- Sanctioned Penalty for Refusal to Work compliance requirement, we noted that in one of twenty-five cases tested, the Department sanctioned a client, which should not have occurred because the client was eligible to receive benefits at the time of the sanction.

CRITERIA

NMAC 8.102.460.11 – Participation Waiver: Based on request and verification of existing condition, a participant may be qualified for a waiver from the work requirement.

NMAC 8.102.460.11(A) - Categories of waivers: Based on one of the following conditions a waiver can be granted for an applicant or participant.

NMAC 8.102.460.11(A)(3) - A single parent, not living with the other parent of a child in the home, or caretaker relative with no spouse, with a child under the age of 12 months. This waiver shall not exceed 12 months during a participant's lifetime. No more than one such waiver is granted to a benefit group at a time.

EFFECT

Client benefits may be improperly reduced due to the improper sanction processed by the Department. Continued noncompliance with the program's requirements could impact future funding.

CAUSE

The caseworker did not verify client status before issuing the sanction. This oversight was not detected by the quarterly County Supervisor review.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

07-10 Temporary Assistance for Needy Families (TANF) Refusal to Work (Continued)

QUESTIONED COSTS

None

RECOMMENDATION

We recommend the Department evaluate the County Supervisor review process to determine if it can be improved to better detect any oversights on the part of caseworkers.

MANAGEMENT RESPONSE

Management concurs. Training will be provided to staff to ensure that prior to issuing a sanction, client status is verified.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

08-03 Temporary Assistance for Needy Families (TANF) Eligibility

Federal Program:

U.S. Department of Health and Human Services,
Temporary Assistance for Needy Families - CFDA 93.558
Grant No. G-0702NMTANF Award Period, October 1, 2006 – September 30, 2007
Grant No. G-0802NMTANF, Award Period, October 1, 2007– September 30, 2008

CONDITION

During our test work of the TANF Eligibility compliance requirement, we noted three out of twenty-five cases tested where there was no evidence of school attendance verification in the case file for the dependent children. Subsequently, school verification was obtained.

During our test work of the TANF Eligibility compliance requirement, we noted one out of twenty-five cases tested where the dependent in the benefit group was not complying with the school attendance policies, due to excessive unexcused absences, thus should have been removed from the benefit group. In addition, we noted that there was no conciliation issued to the benefit group nor did the Department reduce the benefits to the group in accordance with the regulations.

CRITERIA

Per NMAC 8.106.430.9(C)(3) - School Attendance Verification: The caseworker shall verify school attendance for school days occurring after the initial application has been approved. Verification of school attendance is mandatory at each certification, or when the caseworker becomes aware that the child may not be in compliance with school attendance requirements.

Per NMAC 8.106.430.9(C)(2) - If a child has failed to comply with school attendance requirements, the child's needs shall be removed from the benefit group's standard of need if the child: (b) has accumulated three unexcused absences in a grading period, but not on the same day

Per NMAC 8.106.430.9(E) - Failure to comply with school attendance requirements: (1) *Conciliation*: Prior to removing the child's needs from the benefit group's standard of need, the caretaker shall be allowed a compliance period to address school non-attendance. (1)(a) The compliance period is ten working days, beginning with the date of issuance of the notice to provide a school attendance plan affording an opportunity for the caretaker, the

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

08-03 Temporary Assistance for Needy Families (TANF) Eligibility (Continued)

CRITERIA (Continued)

child, and the school to develop a plan to ensure regular attendance by the child. (2)(c) *Conciliation Process*: If the benefit group fails to provide a school attendance plan, a notice of adverse action shall be sent no earlier than the next working day after the expiration of the compliance period. (3)(a) *Benefit Reduction*: The child shall be removed from the benefit group effective the month following the month in which the notice of adverse action expires. (3)(c) If the child is the only child included in the benefit group, the cash assistance case shall be closed.

EFFECT

The Department is not in compliance with the NMAC and thus future federal funding may be negatively impacted.

CAUSE

The family assistance analysts did not receive adequate training for eligibility determinations and management did not perform a timely review of the client recertification's. This was because the Department did not fully implement the designed controls to ensure that school verification is included in the case file when performing a recertification.

QUESTIONED COSTS

Known questioned costs are \$559 for school attendance.

Although our sample was not a statistically valid sample for error estimation, we estimate that questioned costs are likely to be \$614,209, based on the known questioned costs of \$559 divided by total benefits tested of \$56,314 and multiplied by the total TANF EBT transactions for the fiscal year of 61,875,804.

RECOMMENDATION

We recommend the Department provide the necessary training to the analysts who perform the eligibility determinations and to monitor performance to ensure employees and supervisors understand and adhere to the Department's policies and procedures.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

08-03 Temporary Assistance for Needy Families (TANF) Eligibility (Continued)

MANAGEMENT RESPONSE

Management concurs. NMAC Policy relative to school attendance is being revised for consistency with the New Mexico Works Act. Eligibility staff will be trained according to new policy.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

08-04 Temporary Assistance for Needy Families (TANF) Child Support Non-Cooperation

Federal Program:

U.S. Department of Health and Human Services,
Temporary Assistance for Needy Families - CFDA 93.558
Grant No. G-0702NMTANF Award Period, October 1, 2006 – September 30, 2007
Grant No. G-0802NMTANF, Award Period, October 1, 2007– September 30, 2008

CONDITION

During our test work of the TANF Child Support Non-Cooperation compliance requirement, we noted four out of twenty-five cases tested where there was no evidence of in the case file that a conciliation or sanction was issued due to non-cooperation with Child Support after notification from CSED was received. However, this did not impact the amount of TANF benefits paid during the audit period.

CRITERIA

Per NMAC 8.102.620.10(B)(2)(a) Determination that noncompliance has occurred: The determination of noncompliance with child support shall be made by CSED. The conciliation and sanctioning process for child support noncompliance is initiated upon receipt of notice from CSED that the participant or applicant has failed to cooperate.

Per NMAC 8.102.620.10(B)(3) Initiating conciliation: Within 10 days of determining that noncompliance exists, the caseworker shall take action to initiate conciliation, if the participant's conciliation has not been used. Conciliation is initiated by the caseworker issuing a conciliation notice. CSED shall determine noncompliance and notify the caseworker who shall initiate the conciliation process.

Per NMAC 8.102.620.10(C)(1) Sanctioning: Within 10 days of determining that a participant has failed to meet a cooperation requirement, ISD shall issue notice of adverse action that the payment shall be reduced. The payment reduction shall take place with the first payment following expiration of the notice of adverse action. (C)(2) Notice of adverse action shall apply to all work program and child support noncompliance sanctions, including those relating to the conciliation process. (C)(4) Failure to comply during the notice of adverse action 13-day time period shall cause the sanction to become effective.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

08-04 Temporary Assistance for Needy Families (TANF) Child Support Non-Cooperation (Continued)

EFFECT

The Department is not in compliance with the requirements noted above and may provide benefits a recipient is not eligible for. Continued noncompliance with grant requirements may negatively impact federal funding.

CAUSE

Once noncompliance is determined by Child Support Enforcement Division, the noncompliance is logged into CSES and then a 606 memo is prepared and sent to the Income Support Division field office. Based on this memo, the caseworker initiates conciliation or sanction depending on the circumstances of the case. The 606 process is a manual interface and it cannot be determined where the process brake down. The supervisor of the caseworker cannot monitor the caseworker to ensure compliance.

QUESTIONED COSTS

None

RECOMMENDATION

We recommend that the Department develop an automated system to initiate or flag the need for conciliation or sanctions when the Child Support Enforcement Division determines noncompliance. In addition, procedures should be developed for supervisors to monitor caseworker compliance with these requirements.

MANAGEMENT RESPONSE

Management concurs. NMAC Policy relative to school attendance is being revised for consistency with the New Mexico Works Act. Eligibility staff will be trained according to new policy.

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008**

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

08-05 Low Income Home Energy Assistance Program (LIHEAP) Eligibility

Federal Program:

U.S. Department of Health and Human Services,
Low Income Home Energy Assistance Program - CFDA 93.568
Grant No. G-07BINMLIEA, Award Period October 1, 2006 – September 30, 2008

CONDITION

During our LIHEAP Eligibility testwork, we noted that in three out of twenty-five instances the client's benefit payments were incorrectly calculated. One client received a lower benefit amount while the other two clients received a higher benefit amount than they qualified for.

In addition, during our LIHEAP Eligibility testwork, we noted that one out of twenty-five instances the client did not qualify for LIHEAP benefits because their income exceeded the set limits.

CRITERIA

Per 8.150.620.9, LIHEAP payments are based on a point valuation system which considers various conditions and factors. In addition, per the state plan the point value for SFY08 was \$19. In both instances the number of points calculated differed from what the client should have received.

42 USC 8624(b)(2)(B) – States cannot make payments to households whose income exceeds the greater of either an amount equal to 150 percent of the poverty level for such State; or an amount equal to 60 percent of the State median income. In addition, per NMAC 8.150.524.9, the gross monthly income limit for a household is 150% of the federal poverty guidelines.

EFFECT

Continued noncompliance may result in a reduction of federal funding.

**HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008**

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**08-05 Low Income Home Energy Assistance Program (LIHEAP) Eligibility
(Continued)**

CAUSE

In two of the cases, the caseworkers either did not obtain the proper documentation or incorrectly calculated the LIHEAP benefit. These oversights were not detected by the quarterly County Supervisor reviews.

In two of the cases, the caseworker followed the Department's policy which permits them to use the income verification obtained by the Department for other programs that is in ISD 2. However, the income verification for the other program had not been done.

QUESTIONED COSTS

Known questioned costs from the net overpayments were \$133

Although our sample was not a statistically valid sample for error estimation, we estimate that questioned costs are likely to be \$576,386, based on the known questioned costs of \$133 divided by total benefits tested of \$3,325 and multiplied by the total LIHEAP benefit transactions for the fiscal year of 14,409,648.

RECOMMENDATION

We recommend that the Department evaluate the LIHEAP process to determine if there may be a more systematic way of calculating LIHEAP benefits. We also recommend the Department reconsider its policy of allowing LIHEAP income verification to be based on the work done for another program. Finally, we recommend the Department evaluate the County Supervisor review process to determine if it can be improved to better detect any oversights on the part of caseworkers.

MANAGEMENT RESPONSE

Management concurs. LIHEAP training has been revised to include correct determination and calculation of disability points, and guidance to the staff requiring validation of income when income was based on postponed verification if it is an expedited Food Stamp case.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

08-06 Access to Recovery-Level of Effort

Federal Program:

U.S. Department of Health and Human Services

New Mexico Access to Recovery– CFDA 93.275

Grant No.5H79TI019504-02, Project Period September 30, 2007 – September 29, 2010

CONDITION

We noted no evidence that the Department complied with the required 75% level of effort for the Access to Recovery Project Director. We also noted that none of the Project Director's salary was charged to the federal program.

CRITERIA

Per Notice of Grant Award, Standard Terms of Award, dated 12/10/07, the level of effort for the project director should be 75%.

CAUSE

During 2008 a consistent tracking method was not used for level of effort on the Access to Recovery grant.

EFFECT

Non-compliance with level of effort requirements can cause a reduction in grant funding.

QUESTIONED COSTS

None

RECOMMENDATION

We recommend that the Department implement procedures to ensure the accuracy of level of effort by implementing controls to track the time of employees who have level of effort requirements. We also recommend that monitoring procedures be implemented to ensure that the controls over time recording are being followed.

STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2008

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

08-06 Access to Recovery-Level of Effort (Continued)

MANAGEMENT RESPONSE

Management concurs. During 2008 a consistent tracking method was not used for level of effort on the Access to Recovery grant.

In 2009 all Behavioral Health Services' project directors, are utilizing "Time and Effort" worksheets to track their time and submit the approved worksheets to the Grants Management Bureau (GMB) for maintenance. The GMB will follow up with BHSD staff that does not submit Time and Effort worksheets within 10 days after the end of the accounting period.

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2008**

06-02	Medicaid Hospital Cost Reports	Updated and Repeated as 06-02
06-03	Medicaid Drug Rebate Collections	Updated and Repeated as 06-03
07-01	Fund 978 Cash Reconciliations	Resolved
07-02	Reconciliation of Interest in the State Investment Pool (Cash Balances)— Material Weakness	Resolved
07-03	Lack of Adequate Management Reporting	Resolved
07-04	Journal Entry Processing	Resolved
07-07	Reporting	Resolved
07-08	LIHEAP Programming Change	Resolved
07-09	Medicaid Managed Care Grievance and Appeals	Resolved
07-10	TANF –Sanctioned- Penalty for Refusal to Work	Updated and Repeated as 07-10
07-11	Independent Security Testing	Resolved

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
EXIT CONFERENCE
Year Ended June 30, 2008**

The exit conference for the fiscal year 2008 audit of the New Mexico Human Services Department was held on December 10, 2008. The following individuals were present at the exit conference:

From the Human Services Department:

Danny Sandoval, Deputy Director, Administrative Services Division
Harrison Kinney, Behavioral Health Services Director
Jeffrey Miles, Deputy Director, Behavioral Health Services
Vicky Groskinsky, Bureau Chief, Internal Audit, Office of the Inspector General
Helen Nelson, Deputy Director, Income Support Division
Terri L. Gomez, Chief Information Officer/Director, Information Technology Division
Julie B. Weinberg, Deputy Director, Medical Assistance Division
Elaine Olah, Chief Financial Officer/Director, Administrative Services Division
Donna Sandoval, Deputy Director, Administrative Services Division
Nobert Romero, Deputy Director, Administrative Services Division
Daryl Schwebach, Deputy Secretary for Finance and Administration
Pamela S. Hyde, Secretary
Kathleen Valdes, Deputy Director, Child Support Enforcement Division
Martin Ortega, Bureau Chief, Compliance and Financial Systems Bureau
Paula McGee, Compliance Officer, Medical Assistance Division,
Jason Sanchez, Bureau Chief Program Administration, Medical Assistance Division
Cathy Sisneros, Bureau Chief, Work & Family Support, Income Support Division
Carolyn Ingram, Director, Medical Assistance Division
Sarah Kudza, Bureau Chief, Quality Assessment, Income Support Division
Marilyn Martinez, Manager, Quality Improvement Section, Income Support Division
Michael Rogers, Bureau Chief, Benefit Delivery and Data Reporting, Income Support Division
Lupita Capelli, Manager, Quality Assurance & Staff Development, Child Support Enforcement Division
Vida Tapia-Sanchez, Bureau Chief, Policy & Program Development, Income Support Division

From Moss Adams LLP:

Larry Carmony, Partner
Kenny Stansbury, Manager
Jennifer Hoobler, Staff

The financial statements and notes to the financial statements were prepared with the assistance of Moss Adams LLP.